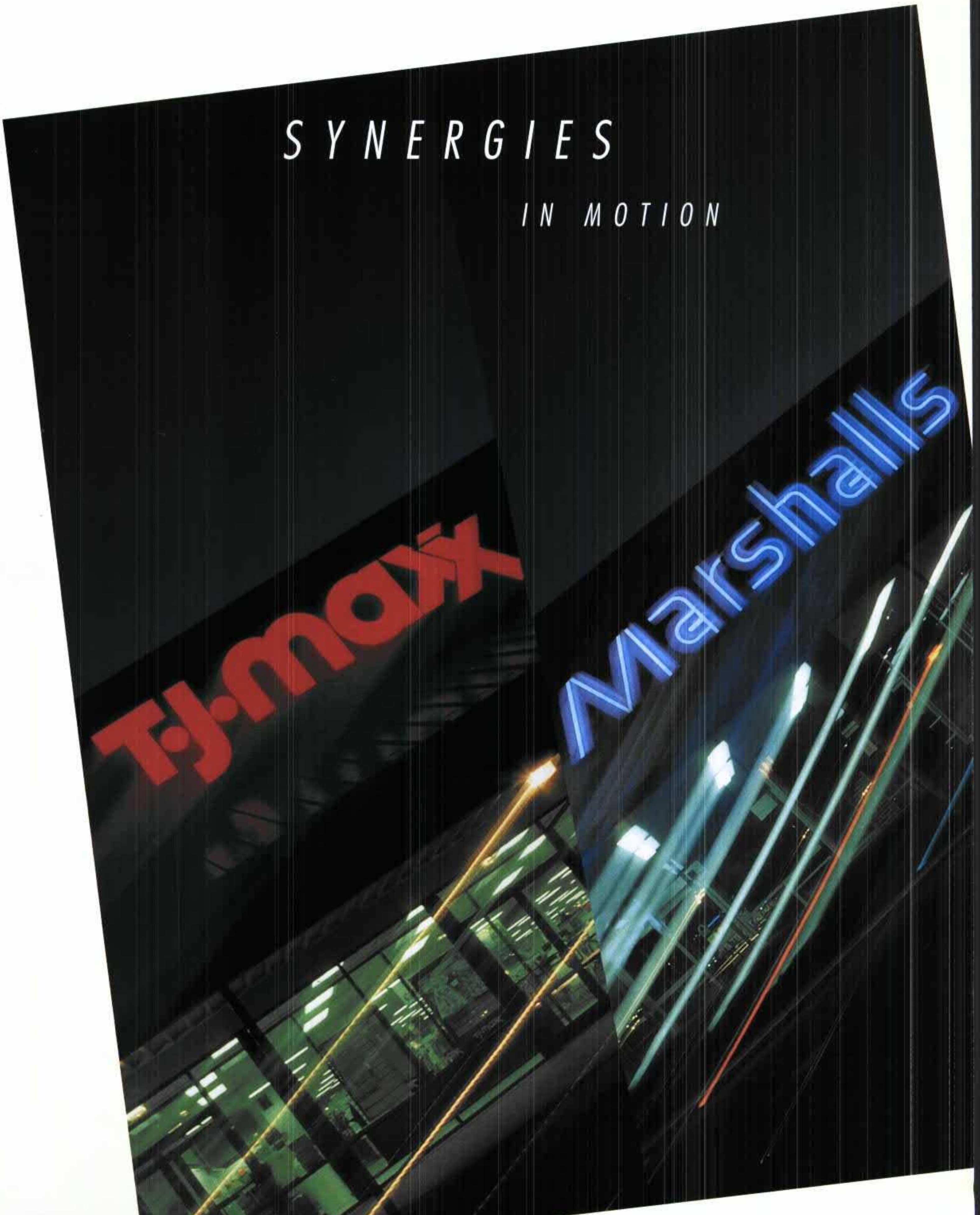
THE TJX COMPANIES, INC.

1995 ANNUAL REPORT

SYNERGIES

IN MOTION



The TJX Companies, Inc. *is North America's largest off-price apparel retailer, operating the following businesses:*

T.J. Maxx *is the largest off-price apparel retailer in the United States. T.J. Maxx offers brand name family apparel, giftware, domestics, women's shoes, accessories and fine jewelry at prices 20-60% below department store regular prices. T.J. Maxx customers generally fit the profile of a department store shopper, being fashion conscious and value driven. This division operated 587 stores nationwide at the end of 1995, with an average per store size of 28,000 square feet.*

Marshalls*, acquired by TJX in November 1995, is the nation's second largest off-price apparel retailer, and operated 496 stores at 1995's year-end. Marshalls offers brand name family apparel, giftware, domestics and accessories. In addition, Marshalls offers a broader selection of shoes and menswear than does T.J. Maxx, all at excellent values. Marshalls' customer demographics are also those of a department store customer, but reach a wider range than those for T.J. Maxx. Average store size at Marshalls is 32,000 square feet.*

Chadwick's of Boston *is America's leading off-price women's apparel catalog. Chadwick's offers fashionable women's career and casual attire, as well as some menswear, at moderate prices and great values.*

Winners Apparel Ltd.*, operating 52 stores, is TJX's rapidly growing off-price apparel division in Canada. Patterned after T.J. Maxx, Winners offers family apparel, giftware, accessories and women's shoes. Winners' customers are typically middle income women, most of whom have families, some of whom are career oriented. Winners expects to open about 12-15 new stores in 1996.*

TJX is also developing ***HomeGoods****, which operated 22 stores at 1995's year-end and offers a broad assortment of home fashions at excellent values.* ***T.K. Maxx****, in the United Kingdom, is TJX's other developing business and operated 9 stores at the end of 1995. T.K. Maxx is a T.J. Maxx-like, off-price apparel concept which has been well received by the U.K. consumer and offers growth opportunity to TJX. Nine new T.K. Maxx stores are expected to open in 1996.*

IN 1995, WITH THE ACQUISITION OF MARSHALLS, THE TJX COMPANIES TOOK A MOMENTOUS STEP TOWARD ADDRESSING THE DIFFICULT APPAREL RETAIL ENVIRONMENT THAT HAS PERSISTED OVER THE LAST SEVERAL YEARS. THE ACQUISITION ALLOWS THE TJX COMPANIES TO MAXIMIZE OUR KEY ADVANTAGE OVER THE DEPARTMENT STORES, NAMELY THE VALUE WE OFFER TO OUR CUSTOMERS, AS WELL AS SHARPEN OUR COMPETITIVE EDGE AGAINST OTHER OFF-PRICE OPERATORS. WE ARE ACCOMPLISHING THIS THROUGH SIGNIFICANTLY INCREASED BUYING POWER, AS THE TWO LARGEST OFF-PRICE APPAREL RETAILERS IN THE INDUSTRY HAVE COME TOGETHER IN TJX. IN ADDITION, WE WILL REALIZE SUBSTANTIAL EXPENSE SAVINGS AS WE INTEGRATE MARSHALLS AND T.J. MAXX, WHICH SHOULD INCREASE PROFITABILITY IN THE SHORT TERM AND OVER THE LONG TERM. THE ACQUISITION ALSO ALLOWS US TO REDUCE RETAIL REAL ESTATE CAPACITY WHICH HAS OUTPACED CUSTOMER DEMAND FOR SEVERAL YEARS, THEREBY ENHANCING THE PERFORMANCE OF OUR REMAINING STORES. LAST, BUT CERTAINLY NOT LEAST, THE ACQUISITION BRINGS TOGETHER THE "BEST OF THE BEST" OFF-PRICE TALENT, CREATING THE STRONGEST ORGANIZATION IN OFF-PRICE RETAILING. TO WHAT DOES ALL OF THIS TRANSLATE? BRINGING MARSHALLS INTO THE TJX COMPANIES' FAMILY OF BUSINESSES WILL ADD TO THE VALUE THAT WE PASS ON TO OUR CUSTOMERS, PROVIDE GREATER OPPORTUNITIES FOR OUR ASSOCIATES AND INCREASE SHAREHOLDER VALUE.

TO OUR FELLOW SHAREHOLDERS:

The environment for retailers remained difficult in 1995. However, for The TJX Companies, the year was marked by two milestones. By far, the most important was the acquisition of Marshalls, which took place in November. This acquisition represents our most aggressive move in capitalizing upon the synergies that exist between TJX's businesses. In addition, we divested Hit or Miss during 1995.

Bernard Cammarata (left), John M. Nelson (right)

The Marshalls Acquisition

For several years, T.J. Maxx and other off-price retailers have been faced with the following challenges: a weak apparel environment, the consolidation of department stores which has enabled them to lower expenses, the highly promotional tactics that have dominated the retail scene and the proliferation of apparel retailers in general.

In order to combat these difficulties, we recognized our need to strengthen our value differential versus the department stores which had been somewhat eroded as a result of the department stores' promotional activities and lowered expenses. In addition, we saw the need to reduce excess retail capacity and to expand upon the synergies of TJX's businesses. We believe that the acquisition of Marshalls achieves all these objectives as it will allow us to dramatically reduce expenses, leverage our purchasing power and reduce the number of off-price stores in this country. Expense reductions will come from many areas – home office, marketing, store operations, etc. Purchasing power will increase as the two largest off-price apparel operations join forces. Real estate capacity will be reduced as we close stores over the next few years.

Consolidated Results

Sales for The TJX Companies in 1995 from continuing operations were $4.45 billion, 27% over last year. Income from continuing operations for the year, before the fourth quarter charge for closing T.J. Maxx stores, was $84.6 million, or $1.03 per share, versus $86.6 million, or $1.08 per share, in the prior year. These results include Marshalls since it was acquired by TJX in mid-November 1995. It was gratifying to see that Marshalls performed ahead of our expectations in the fourth quarter and had an immediate, significant positive effect on our operating income and cash flow.

In the off-price family apparel segment, consisting of T.J. Maxx, Marshalls (since its acquisition by TJX) and Winners Apparel Ltd., sales were $3.9 billion, 28% over last year, and operating income, before the charge for closing T.J. Maxx stores, was $223 million, an increase of 7% from 1994. T.J. Maxx was impacted by the continued difficult retail environment which caused comparable store sales to decrease. As the year progressed, however, T.J. Maxx was very successful at managing its inventories and ended the year well positioned for improved performance in 1996. Marshalls' performance exceeded our expectations for the short period, from mid-November through January, in which they were included in our 1995 financial results. Winners Apparel Ltd. achieved profit increases, posting a comparable store sales increase of 7% for the year. We are on track with Winners' expansion plans throughout Canada and look forward to this division's increased contribution to TJX's profitability as it grows.

Chadwick's of Boston achieved record operating profits that were well above those that we had anticipated. Chadwick's sales for the year were $472.4 million, 9% ahead of last year and operating income rose dramatically to $26.6 million. After having great

difficulty in operations and customer service at Chadwick's in 1994, we were successful in reversing these issues at this division sooner than we had expected.

As to our developing businesses, HomeGoods' results were disappointing, in part due to the underperformance of our newly opened Chicago stores. While we are addressing these and other issues that negatively impacted HomeGoods' results, we have, at least for the time being, scaled back our expansion program at HomeGoods for 1996 in order to learn from, and take more time in understanding, our experiences in 1995. HomeGoods ended 1995 with 22 stores. T.K. Maxx, in the United Kingdom, produced results that were in line with our expectations in 1995. Customer response to our new stores was especially gratifying and we saw significant sales growth in our stores which cycled their one year anniversaries. We believe these early results at T.K. Maxx speak to the U.K. consumers' increased understanding and appreciation of the off-price concept.

Our Associates

This year, it is especially important to recognize the efforts and commitments of our associates. Without their dedication and hard work, none of our achievements would be possible. Each time we establish or acquire a new business, many of our associates are tapped to lend their expertise to the new member of our corporate family. Others help by ensuring that their responsibilities are carried out without interruption. Acquiring Marshalls certainly represents our largest endeavor to date. It has and will continue to involve many associates who have sacrificed time with their families and gone the extra mile to get the job done. It is very rewarding to see our associates sharing ideas and know-how and working together in a spirit of cooperation and openness. In addition, the fruits of our labor are just beginning to unfold and there is much to which we can look forward. To our many new Marshalls associates, we extend a hearty welcome and to <u>all</u> of our associates throughout the Company, we extend our sincere thanks.

In Conclusion

It is a new day for The TJX Companies. With the acquisition of Marshalls, we are renewed and energized. We continue to be financially strong. Our belief in the off-price concept is stronger than it has ever been as our central focus remains on value. With a good deal of work ahead of us as we continue the process of integrating Marshalls into our Company, we are staunchly committed to being the toughest competition for the department stores, specialty retailers and other off-pricers. Our commitment to our customers, associates, vendors and shareholders goes hand-in-hand with that objective.

Respectfully,

Bernard Cammarata

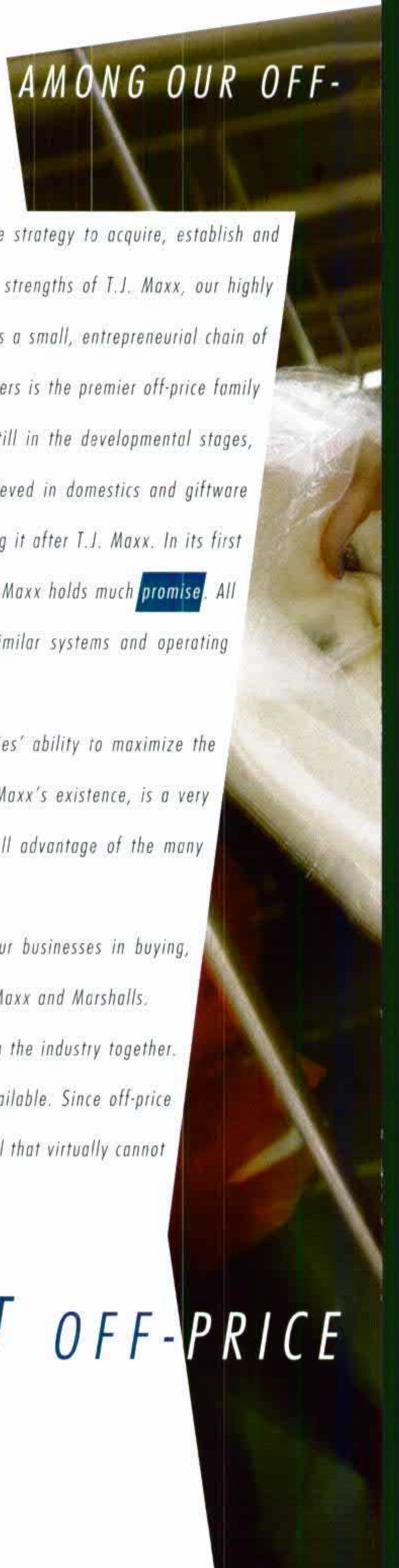
Bernard Cammarata
President and Chief Executive Officer

John M. Nelson
Chairman of the Board

Special Note from Bernard Cammarata:

We are delighted to welcome John Nelson as Chairman of TJX's Board of Directors. John was elected to the Chairmanship in June 1995 and has served on the Board since December 1993. John is also the Chairman of the Wyman-Gordon Company, having joined that company in 1991. Prior to that, John was Chairman and CEO of the Norton Company and was associated with that firm for 31 years. John has been and will continue to be very helpful in such areas as strategic planning, international operations and corporate governance, with which he has great experience.

SYNERGIES ABOUND AMONG OUR OFF-



The TJX Companies is a study of synergies in motion. We have embraced a corporate strategy to acquire, establish and develop businesses which capitalize on the operational, conceptual and organizational strengths of T.J. Maxx, our highly successful cornerstone division. In 1990, we acquired Winners Apparel Ltd. in Canada as a small, entrepreneurial chain of off-price women's apparel stores. We patterned Winners after T.J. Maxx and today, Winners is the premier off-price family apparel retailer in Canada. In 1992, we launched a new concept named HomeGoods. Still in the developmental stages, HomeGoods was created in order to capitalize upon the success that T.J. Maxx has achieved in domestics and giftware categories. Then, in 1994, we established T.K. Maxx in the United Kingdom, also fashioning it after T.J. Maxx. In its first full year of operation, T.K. Maxx met our expectations and, as a future growth vehicle, T.K. Maxx holds much promise. All of these businesses have three basic common elements: an off-price concept, including similar systems and operating methodologies, a large-size store format and a low cost structure.

Our acquisition of Marshalls in 1995 is, by far, the greatest example of The TJX Companies' ability to maximize the synergies of our businesses. Marshalls, T.J. Maxx's chief competitor for the 19 years of T.J. Maxx's existence, is a very similar business to T.J. Maxx. With Marshalls under the TJX umbrella, we are able to take full advantage of the many similarities that exist between these two dominant forces in the off-price arena.

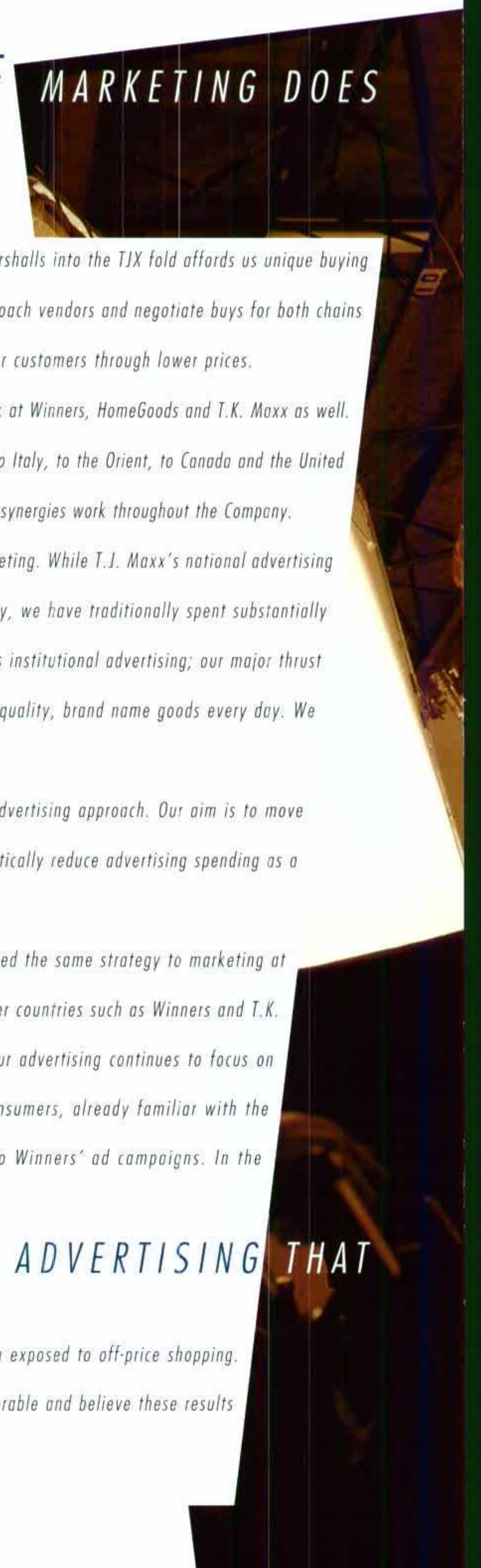
In the following pages, we will highlight the various synergies that are in motion among our businesses in buying, marketing, real estate, store operations, systems and distribution, giving special emphasis to T.J. Maxx and Marshalls.

The TJX Companies' acquisition of Marshalls brings the two best off-price buying organizations in the industry together. By consolidating these organizations, TJX now has the "best of the best" off-price buying talent available. Since off-price buying is as much "art" as it is "science", our buying expertise becomes an invaluable competitive tool that virtually cannot be replicated by others.

TJX HAS THE BEST OFF-PRICE


PRICE CONCEPTS, INCLUDING SIMILAR SYSTEMS AND
LOW-COST OPERATIONS.
MERCHANTS IN THE INDUSTRY.

WE BELIEVE THAT EFFECTIVE MARKETING DOES



In addition to the strength of the buying organization, bringing Marshalls into the TJX fold affords us unique buying power and leverage in the vendor community. Our buyers can now approach vendors and negotiate buys for both chains at substantially lower costs. These savings can then be passed on to our customers through lower prices.

Synergies in buying do not stop with T.J. Maxx and Marshalls. They work at Winners, HomeGoods and T.K. Maxx as well. Our buyers travel the globe collaborating with one another, from New York to Italy, to the Orient, to Canada and the United Kingdom. We seek opportunities wherever they lie and have made our buying synergies work throughout the Company.

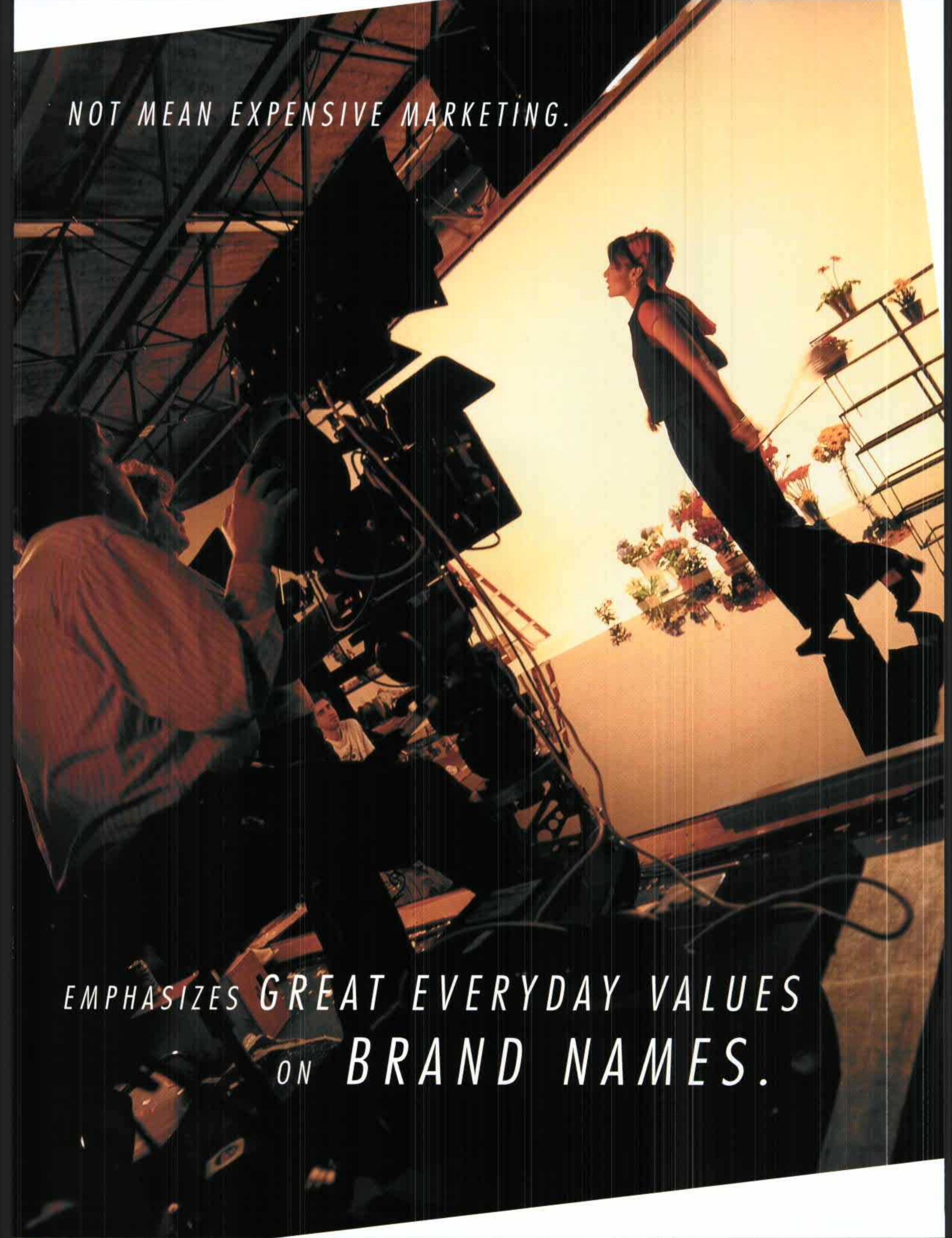
We believe that effective marketing does not have to be expensive marketing. While T.J. Maxx's national advertising campaigns have been among the most popular and successful in the industry, we have traditionally spent substantially less as a percent of sales than other retailers. We practice what is known as institutional advertising; our major thrust is to position T.J. Maxx as an off-price retailer, offering excellent values on quality, brand name goods every day. We tend not to emphasize specific merchandise at specific prices.

Marshalls, prior to TJX's acquisition, had been more promotional in their advertising approach. Our aim is to move Marshalls' ad campaigns toward the T.J. Maxx model. We also intend to dramatically reduce advertising spending as a percentage of sales at Marshalls.

Institutional advertising has worked so well for T.J. Maxx that we have applied the same strategy to marketing at Winners, HomeGoods and T.K. Maxx. For new businesses, especially those in other countries such as Winners and T.K. Maxx, it is an important tool in educating consumers to the off-price concept. Our advertising continues to focus on our credo that value is comprised of quality, fashion and price. The Canadian consumers, already familiar with the off-price concept from cross-border shopping, have responded very favorably to Winners' ad campaigns. In the

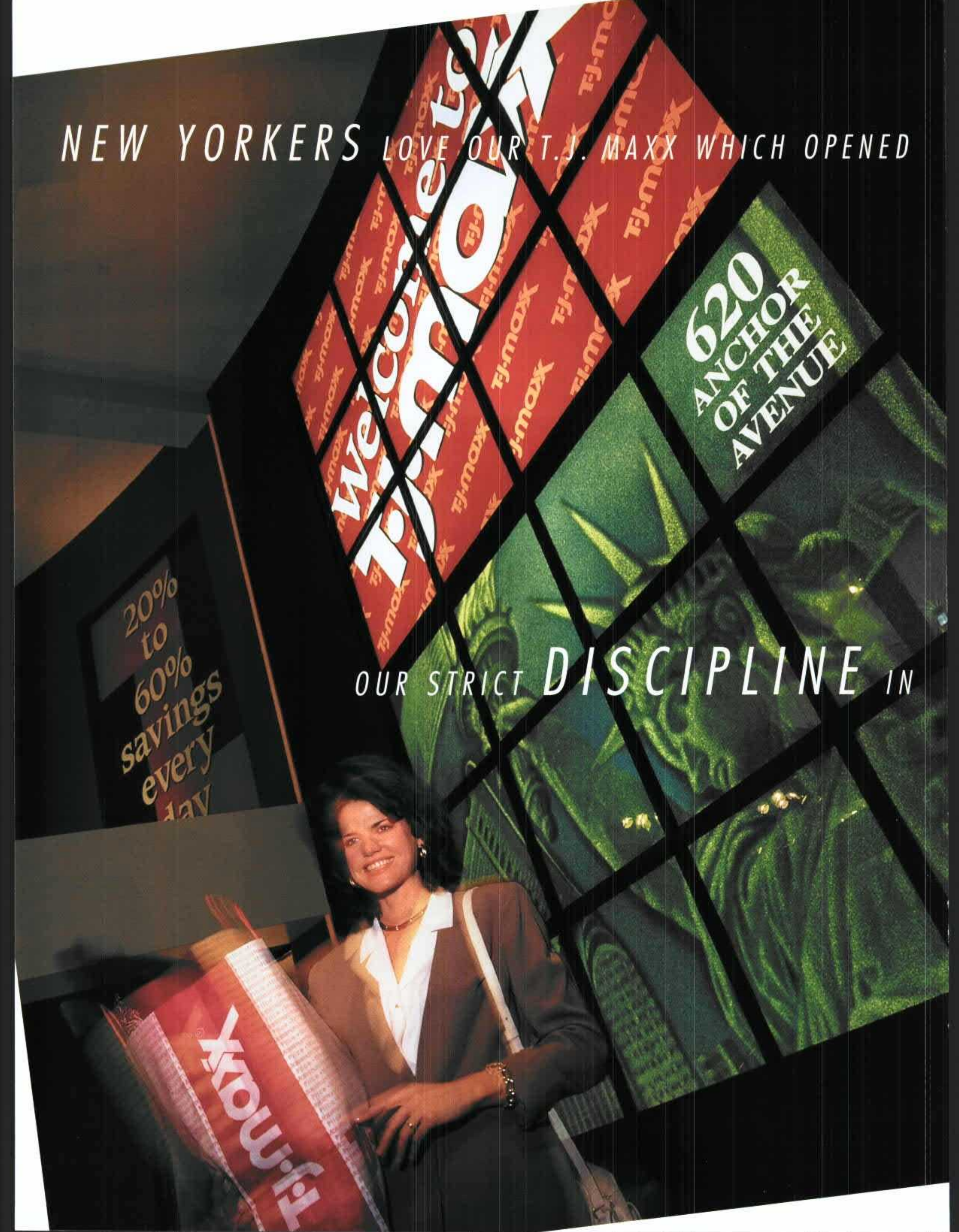
MARSHALLS HAS MOVED TO ADVERTISING THAT

United Kingdom, the challenge is greater, as most consumers have not previously been exposed to off-price shopping. Thus, we are particularly pleased that customer response to T.K. Maxx has been so favorable and believe these results bode well for further expansion abroad.


NOT MEAN EXPENSIVE MARKETING.
EMPHASIZES GREAT EVERYDAY VALUES
ON BRAND NAMES.

NEW YORKERS LOVE OUR T.J. MAXX WHICH OPENED

OUR STRICT DISCIPLINE IN



IN SEPTEMBER 1995 AT 18TH STREET AND 6TH AVENUE.

*In real estate, there are all kinds of synergies moving throughout the Company. Here, as in buying and marketing, we have channeled our **knowledge** and **experience** from T.J. Maxx into other divisions. At the center of our real estate strategy is having an excellent grasp of our customer demographics, which enables us to select the right locations. The vast majority of our stores are in convenient community shopping centers, in many cases near grocery outlets, providing easy access for our customers to visit our stores frequently. We have also had success with stores in downtown locations, the most recent being our Manhattan T.J. Maxx, which opened during 1995. Also central to our strategy is our strict adherence to cost guidelines. T.J. Maxx requires low cost rents on favorable terms, whether we are selecting a site in a suburban shopping center or in the middle of a major city.*

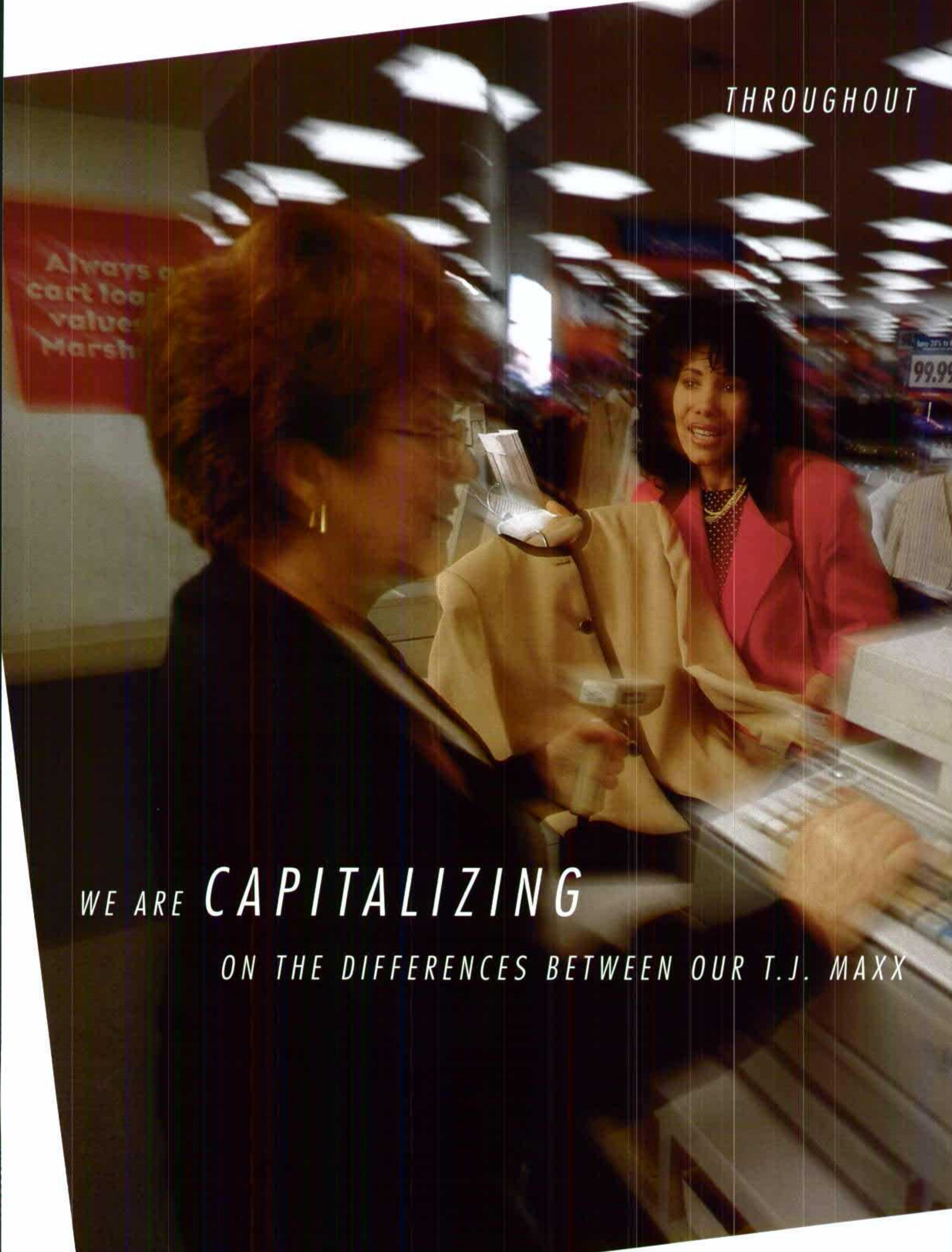
One of the most important issues in the retail environment that the Marshalls acquisition addresses is the overcapacity of retailers in the United States. By joining T.J. Maxx and Marshalls under the TJX entity, we are able to reduce real estate capacity by closing approximately 170 Marshalls stores and 30 T.J. Maxx stores by the end of 1997.

SITE SELECTION APPLIES IN MAJOR CITIES AS WELL AS SUBURBAN TOWNS.

Reserves have been provided for these closings and we believe that these closings will enhance the ability of our remaining stores to generate sales.

*Not only will this **consolidation** of our store base help to reduce capacity, it should strengthen profitability and cash flow, as we will be closing underperforming stores. Thus, between cost saving measures and store closings, we expect that the combined selling, general and administrative expense to sales ratio for T.J. Maxx and Marshalls will be reduced substantially.*

*In over 100 markets throughout the country, T.J. Maxx and Marshalls stores both operate very profitably within a 1 1/2 - mile radius. This is one of the largest factors in our decision to operate with both the T.J. Maxx and Marshalls banners. In the few markets where one business is particularly stronger than the other, we will shift to the more profitable banner. Thus, we have the flexibility to take full **advantage** of our real estate locations in order to increase market share and bottom line performance.*



THROUGHOUT

WE ARE *CAPITALIZING*

ON THE DIFFERENCES BETWEEN OUR T.J. MAXX

TJX, OUR CUSTOMERS COME FIRST.

Winners, HomeGoods and T.K. Maxx have all borrowed and benefited from the T.J. Maxx real estate model. At Winners, our stores continue to be very well received throughout Canada as we enter new markets and further penetrate existing ones. At year end, Winners operated 52 stores and we anticipate opening approximately 12-15 stores in 1996.

The United Kingdom presented a variety of challenges in real estate as off-price real estate strategies were virtually not practiced there until we entered the market with T.K. Maxx. It has been rewarding to see our off-price methods of conducting real estate transactions take hold in the U.K. We continue to learn a great deal about which types of locations work best for T.K. Maxx. In 1996, we expect to open about 9 T.K. Maxx stores, having ended 1995 with 9.

Store operations is another area in which T.J. Maxx has set a successful precedent for other divisions. We provide an easy-to-shop experience in a no-frills, pleasant atmosphere. Customer service is of the utmost importance and our associates are friendly, courteous and eager to please customers. Also, we offer efficient check-out lanes and customer service desks, a convenient merchandise lay-away plan and liberal return policies. In addition, we are well trained at moving merchandise to the selling floor quickly, keeping our stores looking fresh and exciting.

Store operations is one area in which we will maintain a distinction between Marshalls and T.J. Maxx. Marshalls stores look and feel different from the T.J. Maxx prototype, and we will continue this difference through aesthetics, coloration, store layout and design.

The T.J. Maxx store operations model has worked well for Winners, HomeGoods and T.K. Maxx. Winners and T.K. Maxx are extremely similar to T.J. Maxx in this regard. HomeGoods naturally varies due to its merchandise mix and layout, but has built upon many other keys to our successful store operations.

AND MARSHALLS STORES.

T.J. Maxx owes much of its success to its commitment to state-of-the-art technology and its efficient distribution network. Since off-price retailing is quite separate from other retailing concepts, we develop and rely heavily on our own expertise in both systems and distribution. Thus, many unique systems for inventory planning, tracking and

RAPID DISTRIBUTION IS KEY TO MAINTAINING

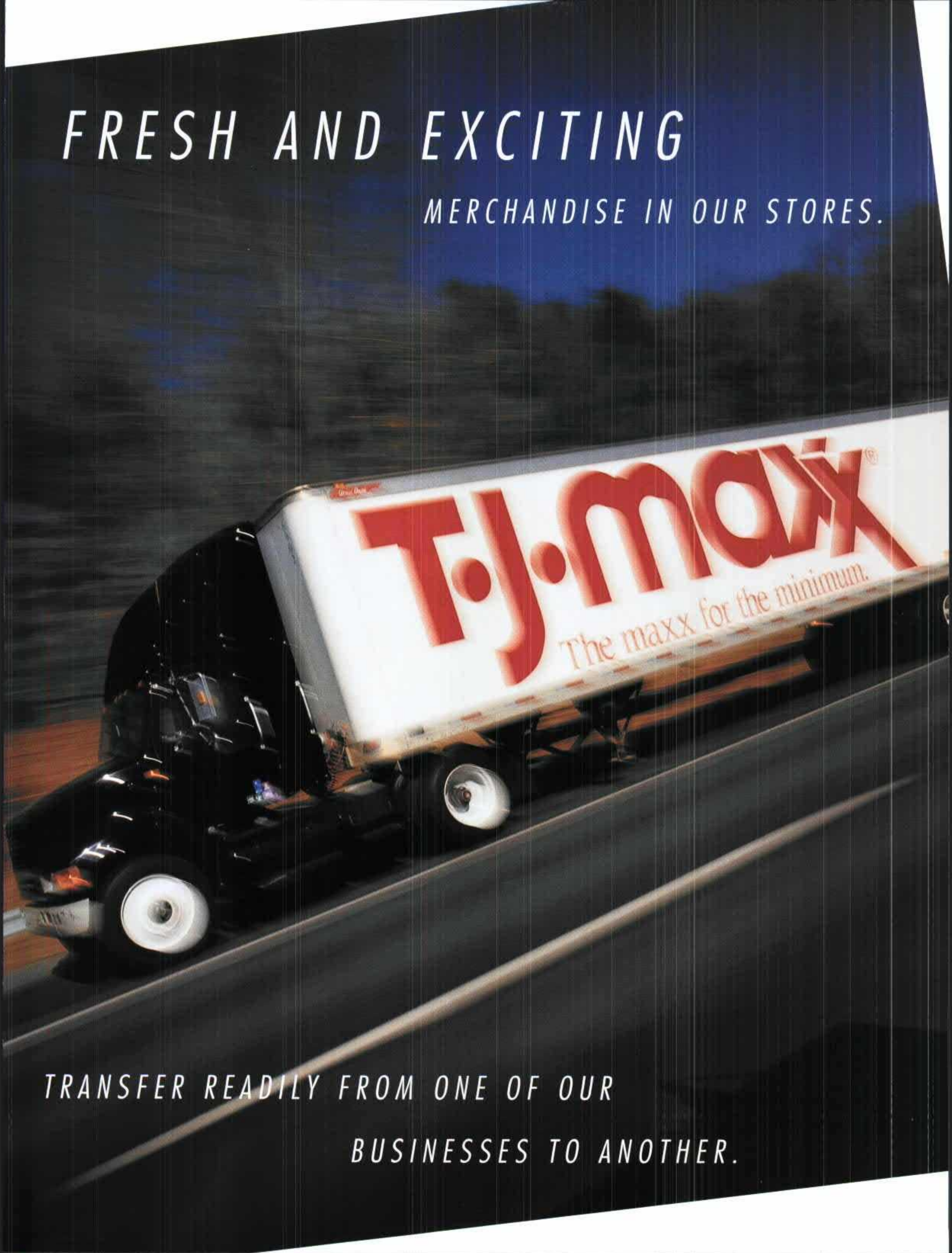
markdowns have been developed internally. Our distribution network is geared specifically to the needs of an off-price operation, allowing for rapid movement of goods in and out of our distribution centers as well as adequate storage space for "pack-away" merchandise. The goal of all of our systems and distribution methodologies is cost effectiveness as these areas are major drivers of our low cost structure, so critical to our success.

Since Marshalls and T.J. Maxx are such similar businesses, there are synergies in systems and distribution upon which to capitalize. It is exciting to have two strong operations from which to consolidate and choose which methods will be the most efficient and cost effective for the future entity.

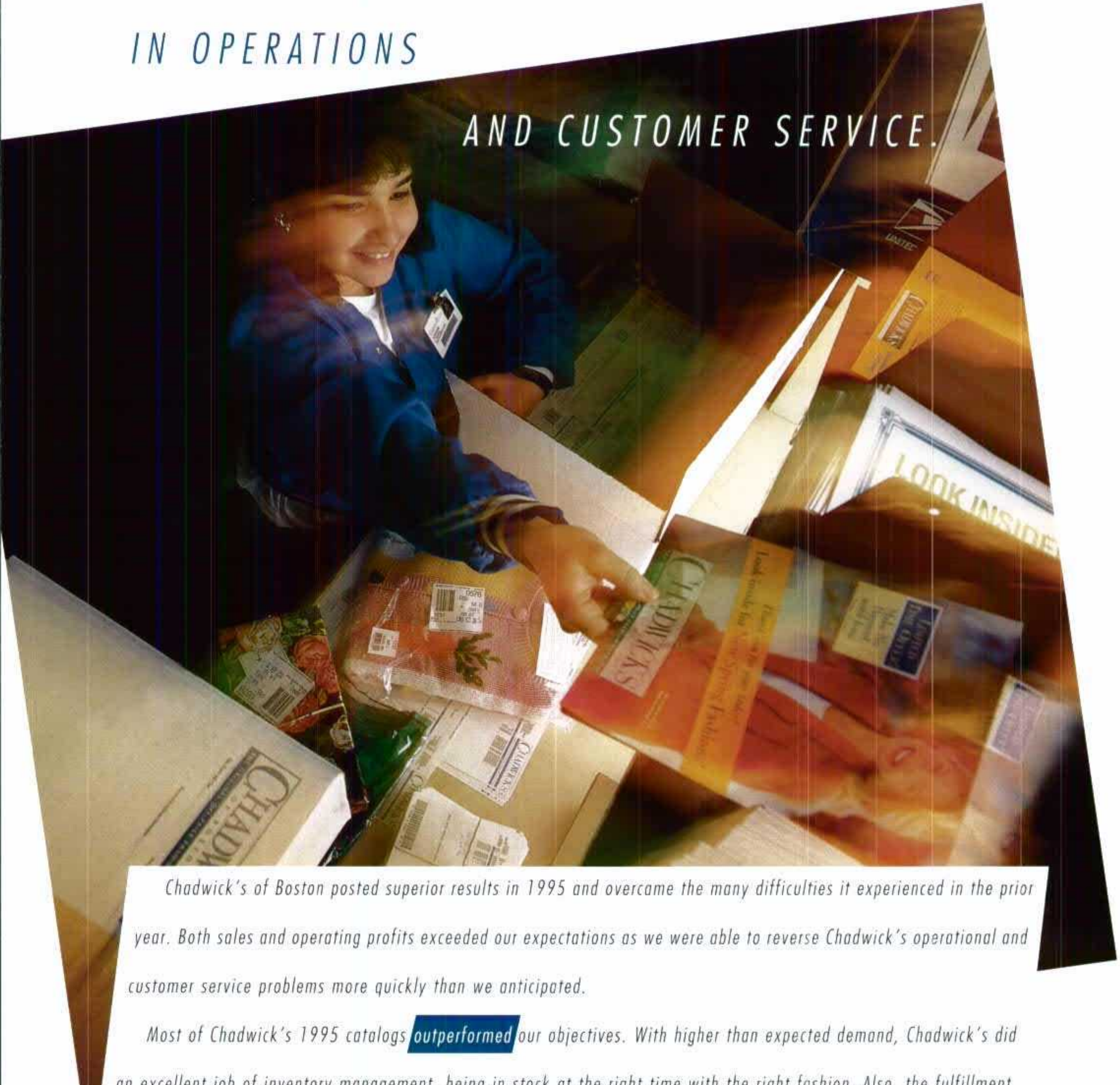
When TJX developed Winners, HomeGoods and T.K. Maxx, we transplanted our systems and expertise in distribution to each of these businesses. In the case of Winners, we built a strong infrastructure which would support Winners' expansion and are now seeing the benefits as Winners grows and leverages expenses. At HomeGoods, T.J. Maxx's systems and distribution methods were cloned and are well suited for this developing division. In the case of T.K. Maxx, we have successfully patterned its systems and distribution strategies very closely to T.J. Maxx, adjusting them where necessary for the United Kingdom, and once again, these synergies are working well.

It is an exciting time for The TJX Companies. We are confident that the synergies we have set in motion throughout our Company will lead to earnings growth in the years ahead and maintain TJX's position as the leader of off-price apparel retailing.

OUR STATE-OF-THE-ART COMPUTER SYSTEMS


FRESH AND EXCITING
MERCHANDISE IN OUR STORES.
T·J·maxx®
The maxx for the minimum.
TRANSFER READILY FROM ONE OF OUR
BUSINESSES TO ANOTHER.

CHADWICK'S CAME BACK STRONG IN OPERATIONS AND CUSTOMER SERVICE.



Chadwick's of Boston posted superior results in 1995 and overcame the many difficulties it experienced in the prior year. Both sales and operating profits exceeded our expectations as we were able to reverse Chadwick's operational and customer service problems more quickly than we anticipated.

Most of Chadwick's 1995 catalogs outperformed our objectives. With higher than expected demand, Chadwick's did an excellent job of inventory management, being in stock at the right time with the right fashion. Also, the fulfillment center operated very efficiently and effectively. This led to a significantly improved initial merchandise fulfillment ratio and many fewer merchandise returns. In addition, customer service was enhanced by adding systems capacity and staffing for order taking and customer inquiries.

CONSOLIDATED STATEMENTS OF INCOME

Fiscal Year Ended	**January 27, 1996**	January 28, 1995	January 29, 1994
	Dollars in Thousands Except Per Share Amounts		
Net sales	**$4,447,549**	$3,489,146	$3,253,471
Cost of sales, including buying and occupancy costs	**3,429,401**	2,643,323	2,430,990
Selling, general and administrative expenses	**830,019**	673,187	597,397
Store closing costs	**35,000**	-	-
Interest expense, net	**44,226**	24,484	17,899
Income from continuing operations before income taxes, extraordinary item and cumulative effect of accounting changes	**108,903**	148,152	207,185
Provision for income taxes	**45,304**	61,573	82,568
Income from continuing operations before extraordinary item and cumulative effect of accounting changes	**63,599**	86,579	124,617
Income (loss) from discontinued operations, net of income taxes	**(2,300)**	(3,960)	2,429
(Loss) on disposal of discontinued operations, net of income taxes	**(31,700)**	-	-
Extraordinary (charge), net of income taxes	**(3,338)**	-	-
Cumulative effect of accounting changes, net of income taxes	**-**	-	(2,667)
Net income	**26,261**	82,619	124,379
Preferred stock dividends	**9,407**	7,156	7,156
Net income available to common shareholders	**$ 16,854**	$ 75,463	$ 117,223
Number of common shares for primary and fully diluted earnings per share computations	**73,133,349**	73,467,003	74,192,358
Primary and fully diluted earnings per common share:			
Continuing operations	**$ .74**	$1.08	$1.58
Discontinued operations	**(.46)**	(.05)	.04
Extraordinary (charge)	**(.05)**	-	-
Cumulative effect of accounting changes	**-**	-	(.04)
Net income	**$ .23**	$1.03	$1.58
Cash dividends per common share	**$ .49**	$ .56	$ .50

The accompanying notes are an integral part of the financial statements.

	January 27, 1996	January 28, 1995
	In Thousands	
Assets		
Current assets:		
Cash and cash equivalents	**$ 209,226**	$ 41,569
Accounts receivable	**98,409**	41,749
Merchandise inventories	**1,343,852**	890,593
Prepaid expenses	**35,235**	22,881
Net current assets of discontinued operations	**-**	10,731
Total current assets	**1,686,722**	1,007,523
Property at cost:		
Land and buildings	**141,009**	114,736
Leasehold costs and improvements	**429,715**	251,387
Furniture, fixtures and equipment	**580,959**	380,806
	1,151,683	746,929
Less accumulated depreciation and amortization	**366,191**	297,019
	785,492	449,910
Other assets	**37,325**	14,244
Goodwill and tradename, net of amortization	**236,043**	89,877
Net noncurrent assets of discontinued operations	**-**	37,990
Total Assets	**$2,745,582**	$1,599,544
Liabilities		
Current liabilities:		
Short-term debt	**$ -**	$ 20,000
Current installments of long-term debt	**78,670**	31,306
Accounts payable	**473,523**	415,861
Accrued expenses and other current liabilities	**725,378**	252,424
Total current liabilities	**1,277,571**	719,591
Long-term debt, exclusive of current installments	**690,713**	239,478
Deferred income taxes	**12,664**	33,523
Shareholders' Equity		
Preferred stock at face value, authorized 5,000,000 shares, par value $1, issued and outstanding cumulative convertible stock of:		
250,000 shares of 8% Series A	**25,000**	25,000
1,650,000 shares of 6.25% Series C	**82,500**	82,500
250,000 shares of 1.81% Series D	**25,000**	-
1,500,000 shares of 7% Series E	**150,000**	-
Common stock, authorized 150,000,000 shares, par value $1, issued and outstanding 72,485,776 and 72,401,254 shares	**72,486**	72,401
Additional paid-in capital	**269,159**	267,937
Retained earnings	**140,489**	159,114
Total shareholders' equity	**764,634**	606,952
Total Liabilities and Shareholders' Equity	**$2,745,582**	$1,599,544

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Year Ended	**January 27, 1996**	January 28, 1995	January 29, 1994
		In Thousands	
Cash flows from operating activities:			
Net income	**$ 26,261**	$ 82,619	$ 124,379
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (income) from discontinued operations	**2,300**	3,960	(2,429)
Loss on disposal of discontinued operations	**31,700**	-	-
Extraordinary charge	**3,338**	-	-
Cumulative effect of accounting changes	**-**	-	2,667
Depreciation and amortization	**85,945**	66,281	57,153
Loss on property disposals	**3,561**	5,157	883
Other, net	**(382)**	1,151	259
Changes in assets and liabilities, net of effect from acquisition of Marshalls:			
(Increase) in accounts receivable	**(33,281)**	(13,110)	(5,819)
(Increase) decrease in merchandise inventories	**229,826**	(170,351)	(93,647)
(Increase) in prepaid expenses	**(2,458)**	(2,919)	(5,658)
Increase (decrease) in accounts payable	**(152,085)**	107,196	12,482
Increase (decrease) in accrued expenses and other current liabilities	**53,035**	23,870	(12,267)
(Decrease) in deferred income taxes	**(14,143)**	(440)	(3,000)
Net cash provided by operating activities	**233,617**	103,414	75,003
Cash flows from investing activities:			
Property additions	**(111,827)**	(120,022)	(118,482)
Acquisition of Marshalls, net of cash acquired	**(378,733)**	-	-
Proceeds from sale of discontinued operations	**3,000**	-	-
Net cash (used in) investing activities	**(487,560)**	(120,022)	(118,482)
Cash flows from financing activities:			
Proceeds from (payments on) short-term debt	**(20,000)**	20,000	-
Proceeds from borrowings of long-term debt	**574,861**	65,500	37,000
Principal payments on long-term debt	**(31,271)**	(6,057)	(4,201)
Prepayment of long-term debt	**(50,534)**	(5,449)	-
Payment of debt issue expenses	**(14,776)**	(239)	(496)
Proceeds from sale and issuance of common stock, net	**1,040**	741	3,828
Common stock repurchased	**-**	(19,261)	-
Cash dividends paid	**(44,886)**	(48,730)	(43,816)
Net cash provided by (used in) financing activities	**414,434**	6,505	(7,685)
Net cash provided by (used in) continuing operations	**160,491**	(10,103)	(51,164)
Net cash provided by (used in) discontinued operations	**7,166**	(6,430)	2,575
Net increase (decrease) in cash and cash equivalents	**167,657**	(16,533)	(48,589)
Cash and cash equivalents at beginning of year	**41,569**	58,102	106,691
Cash and cash equivalents at end of year	**$ 209,226**	$ 41,569	$ 58,102

The accompanying notes are an integral part of the financial statements.

	Preferred Stock, Face Value	Common Stock, Par Value $1	Additional Paid-in Capital	Retained Earnings	Total
			In Thousands		
Balance, January 30, 1993	$ 107,500	$ 73,222	$ 279,800	$ 44,662	$ 505,184
Net income	-	-	-	124,379	124,379
Cash dividends:					
Preferred stock	-	-	-	(7,156)	(7,156)
Common stock	-	-	-	(36,660)	(36,660)
Sale and issuance of common stock, net of shares repurchased, under stock incentive plans	-	209	4,563	-	4,772
Other	-	-	381	-	381
Balance, January 29, 1994	107,500	73,431	284,744	125,225	590,900
Net income	-	-	-	82,619	82,619
Cash dividends:					
Preferred stock	-	-	-	(7,156)	(7,156)
Common stock	-	-	-	(41,574)	(41,574)
Sale and issuance of common stock, net of shares repurchased, under stock incentive plans	-	29	807	-	836
Common stock repurchased	-	(1,059)	(18,202)	-	(19,261)
Other	-	-	588	-	588
Balance, January 28, 1995	107,500	72,401	267,937	159,114	606,952
Net income	-	-	-	26,261	26,261
Cash dividends:					
Preferred stock	-	-	-	(9,407)	(9,407)
Common stock	-	-	-	(35,479)	(35,479)
Issuance of cumulative convertible preferred stock					
Series D	25,000	-	-	-	25,000
Series E	150,000	-	-	-	150,000
Sale and issuance of common stock, net of shares repurchased, under stock incentive plans	-	85	754	-	839
Other	-	-	468	-	468
Balance, January 27, 1996	**$282,500**	**$72,486**	**$269,159**	**$140,489**	**$764,634**

The accompanying notes are an integral part of the financial statements.

The following selected information by major business segment reflects the results of Marshalls in the off-price family apparel segment for the period following its acquisition on November 17, 1995. Prior year data has been restated to reflect Hit or Miss as a discontinued operation.

Fiscal Year Ended	**January 27, 1996**	January 28, 1995	January 29, 1994
		In Thousands	
Net sales:			
Off-price family apparel stores	**$3,896,710**	$3,055,573	$2,832,070
Off-price catalog operation	**472,434**	433,573	421,401
Off-price home fashion stores	**78,405**	-	-
	$4,447,549	$3,489,146	$3,253,471
Operating income (loss):			
Off-price family apparel stores [1]	**$ 187,974**	$ 208,648	$ 236,988
Off-price catalog operation	**26,608**	6,056	24,651
Off-price home fashion stores [2]	**(13,375)**	-	-
	201,207	214,704	261,639
General corporate expense [3]	**45,464**	39,454	33,938
Goodwill amortization	**2,614**	2,614	2,617
Interest expense, net	**44,226**	24,484	17,899
Income from continuing operations before income taxes, extraordinary item and cumulative effect of accounting changes	**$ 108,903**	$ 148,152	$ 207,185
Identifiable assets:			
Off-price family apparel stores	**$2,116,127**	$1,154,258	$ 963,750
Off-price catalog operation	**202,046**	179,752	162,424
Off-price home fashion stores	**46,861**	-	-
Corporate, primarily cash and goodwill	**380,548**	216,813	204,790
	$2,745,582	$1,550,823	$1,330,964
Capital expenditures:			
Off-price family apparel stores	**$ 87,037**	$ 91,801	$ 91,723
Off-price catalog operation	**6,183**	11,311	16,676
Off-price home fashion stores	**7,932**	-	-
Corporate	**10,675**	16,910	10,083
	$ 111,827	$ 120,022	$ 118,482
Depreciation and amortization:			
Off-price family apparel stores	**$ 69,596**	$ 53,601	$ 47,369
Off-price catalog operation	**7,130**	6,280	5,055
Off-price home fashion stores	**1,777**	-	-
Corporate, including goodwill	**7,442**	6,400	4,729
	$ 85,945	$ 66,281	$ 57,153

(1) The period ended January 27, 1996 includes a charge of $35 million relating to the closing of approximately 30 T.J. Maxx stores.

(2) The period ended January 27, 1996 includes a charge of $3.8 million for certain restructuring costs of the HomeGoods operation. Prior years results for HomeGoods are classified in general corporate expense.

(3) The fiscal year ended January 27, 1996 includes the net operating results of T.K. Maxx as well as the Cosmopolitan catalog, which ceased catalog operations in the fourth quarter of fiscal 1996. The fiscal years ended January 28, 1995 and January 29, 1994 include the net operating results of HomeGoods and T.K. Maxx.

Summary of Accounting Policies

Fiscal Year: *The Company's fiscal year ends on the last Saturday in January.*

Basis of Presentation: *The consolidated financial statements of The TJX Companies, Inc. include the financial statements of all the Company's wholly-owned subsidiaries, including its foreign subsidiaries. The financial statements for the applicable periods present the Company's former Hit or Miss division as discontinued operations. The notes pertain to continuing operations except where otherwise noted. Estimates are used, where necessary, in the preparation of the consolidated financial statements.*

Cash Equivalents: *The Company generally considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company's investments are primarily high grade commercial paper or time deposits with major banks. Fair value of cash equivalents approximates carrying value.*

Merchandise Inventories: *Inventories are stated at the lower of cost or market. The Company primarily uses the retail method for valuing inventories on the first-in first-out basis.*

Depreciation and Amortization: *For financial reporting purposes, the Company provides for depreciation and amortization of property principally by the use of the straight-line method over the estimated useful lives of the assets. Leasehold costs and improvements are generally amortized over the lease term or their estimated useful life, whichever is shorter. Maintenance and repairs are charged to expense as incurred. Upon retirement or sale, the cost of disposed assets and the related depreciation are eliminated and any gain or loss is included in net income. Debt discount and related issue expenses are amortized over the lives of the related debt issues. Pre-opening costs are charged to operations within the fiscal year that a new store or facility opens.*

Goodwill and Tradename: *Goodwill is primarily the excess of the purchase price incurred over the carrying value of the minority interest in the Company's former 83%-owned subsidiary. The minority interest was acquired pursuant to the Company's fiscal 1990 restructuring. In addition, goodwill includes the excess of cost over the estimated fair market value of the net assets of Winners Apparel Ltd., acquired by the Company effective May 31, 1990. Goodwill totalled $87.3 million, net of amortization, as of January 27, 1996 and is being amortized over 40 years. Annual amortization of goodwill was $2.6 million in fiscal years 1996, 1995 and 1994. Cumulative amortization as of January 27, 1996 and January 28, 1995 was $17.3 million and $14.7 million, respectively.*

Tradename is the value assigned to the name "Marshalls" as a result of the Company's acquisition of the Marshalls chain on November 17, 1995. Under the purchase accounting method, $149.4 million of the purchase price was allocated to tradename which is deemed to have an indefinite life and accordingly is being amortized over 40 years. Amortization expense for the fiscal year ended January 27, 1996 totalled $0.7 million.

The Company periodically reviews the value of these intangible assets in relation to the current and expected operating results of the related business segments in order to assess whether there has been a permanent impairment of their carrying values.

Advertising Costs: *The Company expenses advertising costs as incurred except for the costs associated with catalogs for the Chadwick's division. The cost of a catalog is expensed pro rata over the period that the catalog generates revenue.*

Net Income Per Common Share: *Primary and fully diluted net income per common share is based upon the weighted average number of common and common equivalent shares and other dilutive securities outstanding in each year after adjusting net income for preferred stock dividends of $9.3 million in fiscal 1996 and $7.2 million in fiscal years 1995 and 1994.*

Foreign Currency Translation: *The Company's foreign assets and liabilities are translated at the year-end exchange rate and the income statement items are translated at the average exchange rates prevailing during the year. Cumulative foreign currency translation losses amounted to $1.7 million as of January 27, 1996 and $1.6 million as of January 28, 1995 and are recorded as a component of additional paid-in capital.*

New Accounting Standards: During 1995, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and FASB Statement No. 123, "Accounting for Stock-Based Compensation." The Company will implement the new standards in its fiscal year ending January 25, 1997 and it expects that the impact of implementation will be immaterial.

Other: Certain amounts in prior years' financial statements have been reclassified for comparative purposes.

A. Dispositions and Acquisitions

Sale of Hit or Miss Division: Effective September 30, 1995, the Company sold its Hit or Miss division to members of Hit or Miss management and outside investors. The Company received $3 million in cash and a 7-year, $10 million note with interest at 10%. Prior to October 2, 1997, interest may be paid-in-kind at the election of Hit or Miss.

The Hit or Miss division had net sales of $165.4 million and recorded an operating loss of $2.3 million, after taxes, for the fiscal year end January 27, 1996, which represents results through July 29, 1995, the measurement date of the transaction. Hit or Miss' operating results for all prior periods have been reclassified to discontinued operations. The sale of the division resulted in a loss on disposal of $31.7 million, (net of tax benefits of $19.8 million) and includes the operating results from July 30, 1995 through the closing date, as well as the cost to the Company of closing 69 Hit or Miss stores. Interest expense was allocated to discontinued operations based on their respective proportion of assets to total assets.

Acquisition of Marshalls: On November 17, 1995, the Company acquired the Marshalls family apparel chain from Melville Corporation. The Company paid $375 million in cash and $175 million in junior convertible preferred stock on the closing date. An additional amount, up to $50 million, may be payable to Melville if the final net assets, as of the closing date, exceed amounts specified in the agreement. The estimated purchase price of Marshalls, reflected in these financials, including acquisition costs, totals $606 million. The Company has assumed the maximum additional amount is payable to Melville, but the final purchase price is still subject to change.

The acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon their fair values at the date of acquisition. The fair value of the net assets acquired exceeded the estimated purchase price, resulting in negative goodwill of $10.8 million. The negative goodwill was allocated to the long-term assets acquired. The net estimated purchase price was allocated as follows:

	In Thousands
Current assets	$ 718,627
Property, plant and equipment	307,795
Tradename	149,431
Current liabilities	(569,853)
	$ 606,000

The operating results of Marshalls have been included in the consolidated results of the Company from the date of acquisition on November 17, 1995. Unaudited pro forma consolidated financial results, for the last two fiscal years, are presented below as if the acquisition had taken place at the beginning of the periods presented:

Fiscal Year Ended January	1996	1995
	Dollars in Thousands Except Per Share Amounts	
Net sales	$ 6,557,943	$ 6,269,077
Income from continuing operations	$ 30,220	$ 154,782
Average shares outstanding for per common share calculations	74,758,406	89,579,093
Income from continuing operations per common share	$.17	$1.73

The foregoing unaudited pro forma consolidated financial results give effect to, among other pro forma adjustments, the following:

(i) Interest expense, and amortization of the related debt expenses, on debt incurred to finance the acquisition.

(ii) Depreciation and amortization adjustments related to fair market value of assets acquired.

(iii) Amortization of tradename acquired over 40 years.

(iv) Adjustments to income tax expense related to the above.

(v) Impact of preferred stock issued on earnings per common share calculations.

The foregoing unaudited pro forma consolidated financial information is provided for illustrative purposes only and does not purport to be indicative of results that actually would have been achieved had the acquisition taken place on the first day of the period presented or of future results.

B. Long-Term Debt and Credit Lines

At January 27, 1996 and January 28, 1995, long-term debt, exclusive of current installments, consisted of the following (information as to interest rates and maturity dates as of January 27, 1996 only):

	January 27, 1996	January 28, 1995
	In Thousands	
Real estate mortgages, interest at 8.25% to 10.4% maturing February 1, 1997 to December 30, 2004	$ 27,241	$ 77,550
Equipment notes, interest at 11% to 11.25% maturing December 12, 2000 to December 30, 2001	3,272	4,598
General corporate debt:		
9 1/2% sinking fund debentures, maturing May 1, 2016 with $4,400,000 annual sinking fund requirement beginning May 1, 1997	99,830	99,830
Medium term notes, interest at 5.87% to 7.97%, maturing September 19, 1997 to September 20, 2004	35,500	57,500
6 5/8% unsecured notes, maturing June 15, 2000	100,000	-
7% unsecured notes, maturing June 15, 2005 (effective interest rate of 7.02% after reduction of the unamortized debt discount of $130,000)	99,870	-
Term loan, variable interest rate, 6.87% at January 27, 1996, maturing November 17, 2000	325,000	-
Total general corporate debt	660,200	157,330
Long-term debt, exclusive of current installments	$690,713	$239,478

The aggregate maturities of long-term debt, exclusive of current installments, outstanding at January 27, 1996 are as follows:

Fiscal Year	Real Estate Mortgages and Equipment Notes	General Corporate Debt	Total
		In Thousands	
1998	$ 6,032	$ 94,730	$100,762
1999	23,354	79,400	102,754
2000	697	79,400	80,097
2001	430	200,000	200,430
Later years	-	206,670	206,670
Aggregate maturities of long-term debt	$30,513	$660,200	$690,713

Real estate mortgages are collateralized by land and buildings. While the parent company is not directly obligated with respect to the real estate mortgages, it or a wholly-owned subsidiary has either guaranteed the debt or has guaranteed a lease, if applicable, which has been assigned as collateral for such debt.

In June 1995, the Company filed a shelf registration statement with the Securities and Exchange Commission which provides for the issuance of up to $250 million of long-term debt. This shelf registration statement replaced the Company's former $75 million shelf registration statement under which the Company issued Medium Term Notes (MTN) as discussed below. In June 1995, the Company issued $200 million of long-term notes under the registration statement; $100 million of 6 5/8% Notes due June 15, 2000 and $100 million of 7% Notes due June 15, 2005. The proceeds were used in part to repay short-term borrowings and for general corporate purposes including the repayment of scheduled maturities of other outstanding long-term debt and for new store and other capital expenditures.

On November 17, 1995, the Company entered into an unsecured $875 million bank credit agreement under which the Company borrowed $375 million on a term loan basis to fund the cash portion of the Marshalls purchase price and may borrow up to an additional $500 million on a revolving loan basis to fund the working capital needs of the Company. Interest is payable on borrowings at rates equal to or less than prime. The term loan matures on November 17, 2000, and the revolving loan facility expires on November 17, 1998. The Company cancelled its former committed U.S. short-term credit lines, effective November 17, 1995. The new agreement has certain financial covenants which include a minimum net worth requirement, and certain leverage and fixed charge covenants.

On December 30, 1994, the Company secured a $45 million real estate mortgage on its Chadwick's fulfillment center. The proceeds were used to prepay the $5.4 million outstanding mortgage on the Chadwick's facility, with the balance of the proceeds used for general corporate purposes. Costs for the early retirement of the $5.4 million mortgage were immaterial. In connection with the $875 million bank credit agreement, the Company prepaid its $45 million real estate mortgage on the Chadwick's fulfillment center and incurred an extraordinary after-tax charge of $3.3 million, on the early retirement of this debt.

Under the Company's former shelf registration statement which provided for the issuance of up to $75 million of Medium Term Notes (MTN), the Company issued an aggregate of $57.5 million Series A Notes during fiscal 1995 and fiscal 1994 under five separate pricing supplements. The borrowings under this program are to support the Company's international and domestic new business development and capital expenditures. The interest rate and maturity information of the Series A notes issued are as follows:

Series A Notes:	*Issue Date*	*Principal* *In Thousands*	*Interest Rate*	*Maturity Date*
Supplement No. 1	*10/21/93*	*$15,000*	*5.87%*	*10/21/03*
Supplement No. 2	*10/21/93*	*12,000*	*4.53%*	*10/21/96*
Supplement No. 3	*10/21/93*	*10,000*	*4.55%*	*10/21/96*
Supplement No. 4	*09/19/94*	*15,500*	*6.97%*	*09/19/97*
Supplement No. 5	*09/19/94*	*5,000*	*7.97%*	*09/20/04*

The aggregate borrowings of $57.5 million have been used entirely to fund the Company's investment in its Canadian and United Kingdom operations. To hedge the Company's investment in its foreign subsidiaries, it entered into foreign currency swap agreements in both Canadian dollars and British pounds sterling, in amounts equivalent to the MTN borrowings. The interest rate payable on the foreign currency is slightly higher than the interest received on the currency exchanged, resulting in deferred interest costs, which are being amortized to interest expense over the related terms of the swap agreements. See Note C for further information on these transactions. The unamortized balance of deferred interest costs as of January 27, 1996 and January 28, 1995 amounted to $3.4 million and $4.4 million, respectively.

The Company has the ability to borrow up to $500 million on a revolving loan basis under its bank agreement. As of January 27, 1996, the entire $500 million was available for use. Interest is payable at rates equal to or less than prime. Actual short-term borrowings during the fiscal year ended January 27, 1996 were at rates below prime. The revolving loan capability is used as backup to the Company's commercial paper program. The weighted average interest rate on the Company's short-term borrowings was 6.25%, 4.98% and 3.36% in fiscal 1996, 1995 and 1994, respectively. The Company does not have any compensating balance requirements under these arrangements. The Company also has C$20 million of committed lines for its Canadian operation, all of which were available as of January 27, 1996.

C. Financial Instruments

The Company periodically enters into forward foreign exchange contracts to hedge firm U.S. dollar merchandise purchase commitments made by its Canadian subsidiary. Any gain or loss on the contracts is ultimately reflected in the cost of the merchandise. As of January 27, 1996, there were no contracts outstanding.

The Company also has entered into foreign currency swap agreements in both Canadian dollars and British pounds sterling in amounts equivalent to borrowings under the Company's MTN program. The aggregate borrowings of $57.5 million under the MTN program approximated the Company's combined investment in its United Kingdom and Canadian operations at the time of the borrowings. As of January 27, 1996, the Company had swap agreements whereby it exchanged $20.0 million for Canadian dollars and $37.5 million for British pounds sterling. The swap agreements are accounted for as a hedge against the Company's investment in foreign subsidiaries; thus foreign exchange gains and losses on the agreements are recognized in shareholders' equity, offsetting translation adjustments associated with the Company's investment in foreign operations. The swap agreements contain rights of offset which minimize the Company's exposure to credit loss in the event of nonperformance by one of the counterparties.

Subsequent to year-end, the Company entered into two interest rate swap agreements on an aggregate notional amount of $200 million ($100 million for one year and $100 million for two years). Under the agreements, the Company pays a fixed rate of 4.9% on the $200 million and in exchange receives variable interest income indexed to the 3 month LIBOR. The agreement is intended to provide a fixed rate of approximately 5.9% on $200 million of the $375 million variable rate term loan.

The counterparties to the exchange contracts and swap agreements are major international financial institutions. The Company periodically monitors its position and the credit ratings of the counterparties and does not anticipate losses resulting from the nonperformance of these institutions.

Pursuant to SFAS No. 107 "Disclosures About Fair Value of Financial Instruments," the Company has estimated the fair value of its long-term debt, including current installments. The fair value of the Company's long-term debt was estimated by using the quoted market price, if available, or by using discounted cash flow analysis based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including current installments at January 27, 1996 is estimated to be $784.0 million versus a carrying value of $769.4 million. These estimates do not necessarily reflect certain provisions or restrictions in the various debt agreements which might affect the Company's ability to settle these obligations. The fair value of all other financial instruments of the Company, including cash equivalents and the swap agreements, approximate carrying value.

D. Commitments

The Company is committed under long-term leases related to its continuing operations for the rental of real estate and fixtures and equipment. T.J. Maxx leases are generally for a 10 year initial term with options to extend for one or more 5 year periods. Marshalls leases acquired have remaining terms ranging up to 25 years. In addition, the Company is generally required to pay insurance, real estate taxes and other operating expenses and in some cases rentals based on a percentage of sales. The following schedule of future minimum lease payments for continuing operations as of January 27, 1996 includes the lease commitments for the estimated 30 T.J. Maxx stores and the 170 Marshalls stores that the Company anticipates closing and for which reserves have been established as discussed in Note H.

Fiscal Years	Operating Leases
	In Thousands
1997	$ 272,224
1998	260,875
1999	241,562
2000	224,637
2001	199,238
Later years	1,006,519
Total minimum lease payments	$2,205,055

The rental expense under operating leases for continuing operations amounted to $163.7 million, $118.3 million and $96.5 million for fiscal years 1996, 1995 and 1994, respectively. The present value of the Company's operating lease obligations approximates $1,372.7 million as of January 27, 1996, including $144.8 million payable in fiscal 1997.

The Company had outstanding letters of credit in the amount of $54.0 million as of January 27, 1996. The letters of credit are issued for the purchase of inventory.

E. Stock Options, Stock Purchase Plans and Capital Stock

Under its stock option plan, the Company has granted certain officers and key employees options for the purchase of common stock, generally within ten years from the grant date at option prices of 100% of market price on the grant date. Most options outstanding are exercisable at various percentages starting one year after the grant, while certain options are exercisable in their entirety three years after the grant date. There were approximately 1,748,000 shares exercisable under the option plans as of January 27, 1996.

During June 1993, the Company amended its 1986 Stock Incentive Plan to increase shares issuable under the plan by 3,000,000 and to extend the period during which awards may be made under the plan through April 7, 2003.

On April 8, 1993, the Company adopted a stock option plan for non-employee directors. Pursuant to the plan, each continuing or newly elected director who is not a present or former employee of the Company will receive an option to purchase 1,000 shares of common stock. On the date of each subsequent annual meeting, each continuing non-employee director will be granted an option to acquire an additional 500 shares of common stock and newly elected directors will each receive an option to purchase 1,000 shares of common stock. The exercise price of the options will be the fair market value of the common stock on the date of grant. The option will expire ten years after the date of grant and will become fully exercisable one year after the date of grant. The plan will expire after five years, but options outstanding will continue in effect according to their terms. A total of 50,000 shares have been reserved for issuance under this plan subject to adjustment for stock splits and similar events.

Option activity during the past three fiscal years was as follows:

			Shares Reserved for
	Option Prices	Options Granted	Future Grants
Outstanding at January 30, 1993	\$10.250 - \$29.000	1,912,465	407,192
Additional options authorized under 1986 plan		-	3,000,000
Authorized under 1993 stock option plan for non-employee directors		-	50,000
Options or other stock awards granted	25.250 - 32.875	566,790	(569,290)
Options exercised	10.250 - 24.500	(249,719)	-
Cancellations	10.250 - 28.000	(46,568)	3,300
Outstanding at January 29, 1994	10.250 - 32.875	2,182,968	2,891,202
Options or other stock awards granted	13.250 - 26.875	631,940	(631,940)
Options exercised	10.250 - 21.250	(50,498)	-
Cancellations	10.250 - 25.250	(69,955)	29,000
Outstanding at January 28, 1995	10.250 - 32.875	2,694,455	2,288,262
Options or other stock awards granted	12.875 - 13.125	596,400	(606,400)
Options exercised	10.250 - 18.875	(81,653)	-
Cancellations	10.250 - 29.000	(396,785)	238,380
Outstanding at January 27, 1996	10.250 - 32.875	2,812,417	1,920,242

The shares reserved for future grants have been reduced by restricted stock awards issued under the 1986 Stock Incentive Plan, net of certain shares forfeited, which are returned to the Company. Through fiscal 1996, there have been a total of 496,001 shares issued and 80,625 shares forfeited. The shares were issued at par value, or at no cost, and have restrictions which generally lapse over three to five years from date of grant, with the exception of performance accelerated shares. These shares have restrictions which generally lapse equally over four to eight years, with a provision for accelerated vesting depending upon the Company's earnings, or other specified criteria. The market price in excess of cost is charged to income ratably over the period during which the restrictions lapse. Such pre-tax charges amounted to \$0.4 million, \$0.6 million, and \$1.7 million in fiscal years 1996, 1995 and 1994, respectively.

On August 16, 1994, the Company authorized the repurchase of up to $100 million of TJX common stock. During fiscal 1995, the Company repurchased 1.1 million of its common shares, totalling $19.3 million, representing approximately 1.5% of the Company's outstanding common shares. In connection with the Marshalls acquisition, the Company terminated the share repurchase program.

In April 1992, the Company issued 250,000 shares of Series A cumulative convertible preferred stock in a private offering. The shares have a face value of $100 per share and are convertible into common stock at a price per common share of $21. There are 1,190,476 common shares reserved for the conversion of the Series A preferred stock. The Company may redeem the Series A stock for a price of $104.80 per share, as of January 27, 1996, declining by $.80 per share each April 1 thereafter to $100 per share on April 1, 2001. The liquidation preference for Series A preferred stock as of January 27, 1996 is $104.80 per share and also declines $.80 per share each April 1 to $100 per share on April 1, 2001.

In August 1992, the Company issued 1,650,000 shares of Series C cumulative convertible preferred stock in a public offering. The shares have a face value of $50 per share and are convertible into common stock at a price per common share of $25.9375. There are 3,180,723 common shares reserved for the conversion of the Series C preferred stock. The Company may redeem the stock for $52.1875 per share, as of January 27, 1996 declining by $.3125 per share each September 1 thereafter to $50 per share on September 1, 2002. The liquidation preference for the Series C preferred stock is $50 per share.

On November 17, 1995, the Company issued preferred stock to Melville Corporation in two separate series, both of which are convertible into shares of common stock. The common shares issuable on conversion will vary depending on the market price of common stock at time of conversion. A summary of certain provisions of these preferred issues follows:

	Preferred Shares Issued	Face Value	Annual Dividend	Common Shares Issuable at Conversion
Series D	250,000	$ 25 Million	$1.81/Share	1.3 - 2.0 Million
Series E	1,500,000	$150 Million	$7.00/Share	8.1 - 9.7 Million

The Series D preferred stock is mandatorily converted into common stock on November 17, 1996 unless redeemed for cash or converted earlier. The Series E preferred stock is mandatorily converted into common shares on November 17, 1998 unless converted earlier. The Series D and Series E have an aggregate liquidation preference of $175 million. There is an aggregate of 11,740,825 common shares reserved for the conversion of Series D and Series E preferred stock, the maximum number of shares that may be issued.

Dividends on all of the preferred stock issued are payable quarterly on the first business day of each calendar quarter and accrue from date of issuance. The Company accrues the dividends evenly throughout the year. The Company recorded aggregate dividends on its preferred stock of $9.4 million in fiscal 1996 and $7.2 million in fiscal 1995 and in fiscal 1994. The preferred dividends reduce net income in computing net income available to common shareholders.

The Series A and Series C preferred stock rank in parity with each other, the Series D and Series E are junior to the Series A and Series C and all are senior to all other capital stock of the Company with respect to payment of dividends and upon liquidation. There are no voting rights for preferred stock unless dividends are in arrears for a specified number of periods.

During fiscal 1995, the Company's shareholder rights plan was redeemed at a price of $.01 per common share. This redemption cost of $0.7 million is included with common stock dividends as a direct reduction to shareholders' equity.

F. Income Taxes

The provision for income taxes includes the following:

Fiscal Year Ended January	1996	1995	1994
		In Thousands	
Current:			
Federal	$ 54,434	$52,094	$68,729
State	13,237	8,174	16,359
Foreign	2,843	1,425	90
Deferred:			
Federal	(21,521)	(1,755)	(1,859)
State	(4,097)	98	(751)
Foreign	408	1,537	-
Provision for income taxes	$ 45,304	$61,573	$82,568

The fiscal 1994 deferred provision above reflects a $1.1 million benefit from a Canadian net operating loss carryforward as well as a charge of $0.4 million for the adjustment of the Company's net deferred tax liability due to the increase in the statutory federal income tax rate enacted during the year. The Company had a net deferred tax liability as follows:

	January 27, 1996	January 28, 1995
	In Thousands	
Deferred tax assets:		
Capital loss carryforward	$ 48,629	$ 49,107
Foreign net operating loss carryforward	34,011	4,191
Reserves for discontinued operations	10,652	6,054
Reserve for closed stores and restructuring costs	95,020	-
Insurance costs not currently deductible for tax purposes	18,743	14,782
Pension, postretirement and employee benefits	17,535	15,950
Leases	3,827	4,961
Other	14,344	11,906
Valuation allowance	(82,727)	(53,968)
Total deferred tax assets	160,034	52,983
Deferred tax liabilities:		
Property, plant and equipment	47,229	26,072
Safe harbor leases	48,818	51,386
Tradename	59,179	-
Other	17,472	9,048
Total deferred tax liabilities	172,698	86,506
Net deferred tax liability	$ 12,664	$ 33,523

The capital loss carryforward tax asset, which expires in fiscal 1998, relates to the surrendering of the Ames preferred stock upon consummation of the Ames reorganization plan. Utilization of this pre-tax capital loss of $138.9 million is only available to the extent of future capital gains and thus this deferred tax asset is fully reserved for in the valuation allowance.

The change in the valuation allowance during the year is the result of changes in foreign net operating loss carryforwards including the foreign net operating loss carryforward acquired as part of the Marshalls acquisition, and utilization of a portion of the capital loss carryforward.

The Company does not provide for U.S. deferred income taxes on the undistributed earnings of its foreign subsidiaries, as the earnings are considered to be permanently reinvested. The undistributed earnings of its foreign subsidiaries as of January 27, 1996 were immaterial.

The Company has a United Kingdom net operating loss carryforward of approximately $27 million for tax purposes and $22 million for financial reporting purposes. The United Kingdom operating loss does not expire under current United Kingdom tax law. The Company also has a Puerto Rico net operating loss carryforward of approximately $64 million for tax and financial reporting purposes which was acquired in the Marshalls acquisition and expires in fiscal 1997 through fiscal 2003. Future utilization of these operating loss carryforwards is dependent upon future earnings of the Company's foreign subsidiaries. Future recognition of the net operating loss in Puerto Rico will result in an adjustment to the allocation of the purchase price for Marshalls.

The Company's worldwide effective tax rate was 42% for the fiscal years ended January 27, 1996 and January 28, 1995 and 40% for the fiscal year ended January 29, 1994. The difference between the U.S. federal statutory income tax rate and the Company's worldwide effective income tax rate is summarized as follows:

Fiscal Year Ended January	1996	1995	1994
U.S. federal statutory income tax rate	35%	35%	35%
Effective state income tax rate	5	5	5
Impact of foreign operations	3	3	-
All other	(1)	(1)	-
Worldwide effective income tax rate	42%	42%	40%

In fiscal 1994, the benefit of the Canadian net operating loss carryforward was offset by the impact of the Company's entry into the United Kingdom.

G. Pension Plans and Other Retirement Benefits

The Company has a non-contributory defined benefit retirement plan covering the majority of full-time employees, excluding Marshalls associates. Employees who have attained twenty-one years of age and have completed one year of service are covered under the plan. Benefits are based on compensation earned in each year of service. The Company also has an unfunded supplemental retirement plan which covers certain key employees of the Company and provides additional retirement benefits based on average compensation.

Net periodic pension cost for all operations of the Company's plans includes the following components:

Fiscal Year Ended January	1996	1995	1994
		In Thousands	
Service cost	$ 3,920	$ 4,554	$ 3,375
Interest cost on projected benefit obligation	6,915	6,526	5,995
Actual return on assets	(15,215)	4,545	(12,188)
Net amortization and deferrals	9,384	(11,600)	5,760
Net periodic pension cost	$ 5,004	$ 4,025	$ 2,942

Net pension cost includes $0.3 million in fiscal years 1996 and 1995 and $0.2 million in fiscal year 1994 allocated to discontinued operations.

The following table sets forth the funded status of the Company's pension plans and the amounts recognized in the Company's statements of financial position:

	January 27, 1996	January 28, 1995
	In Thousands	
Accumulated benefit obligation, including vested benefits of $81,296 and $71,592	$91,606	$77,256
Projected benefit obligation	$97,891	$82,297
Plan assets at fair market value	71,792	66,454
Projected benefit obligation in excess of plan assets	26,099	15,843
Unrecognized net gain (loss) from past experience different from that assumed and effects of changes in assumptions	(7,563)	(1,897)
Prior service cost not yet recognized in net periodic pension cost	(1,035)	(1,127)
Unrecognized net asset (obligation) as of initial date of application of SFAS No. 87	(745)	(568)
Accrued pension cost included in accrued expenses	$16,756	$12,251

The projected benefit obligation in excess of plan assets includes the Company's unfunded supplemental retirement plan.

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.00% and 8.25% for fiscal years 1996 and 1995, respectively. The rate of increase on future compensation levels was 4.0% and 4.5% in fiscal years 1996 and 1995, respectively, and the expected long-term rate of return on assets was 9.0% and 9.5% in fiscal years 1996 and 1995, respectively. The Company's funding policy is to contribute annually an amount allowable for federal income tax purposes. Pension plan assets consist primarily of fixed income and equity securities.

In fiscal 1994, the Company adopted the Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires accrual for the cost of postretirement health care and life insurance benefits during the years that an employee provides services to the Company. The Company elected to recognize the transition obligation in full as of January 31, 1993, and accordingly recorded a one-time implementation charge of $6,145,000, net of a tax benefit of $3,937,000, as a cumulative effect of an accounting change.

The Company's postretirement benefit plan is unfunded and provides limited postretirement medical and life insurance benefits to associates who participate in the Company's retirement plan and who retire at age 55 or older with 10 years or more of service.

Net periodic postretirement benefit cost of the Company's plan includes the following components:

Fiscal Year Ended January	1996	1995	1994
		In Thousands	
Service cost	$ 757	$ 952	$ 476
Interest cost on accumulated benefit obligation	1,046	963	820
Net amortization	-	88	-
Net periodic postretirement benefit cost	$1,803	$2,003	$1,296

Net periodic postretirement benefit costs includes $0.2 million in fiscal years 1996 and 1995 and $0.1 million in fiscal year 1994 allocated to discontinued operations.

The components of the accumulated postretirement benefit obligation and the amount recognized in the Company's statements of financial position are as follows:

	January 27, 1996	January 28, 1995
	In Thousands	
Accumulated postretirement obligation:		
Retired associates	$ 6,731	$ 6,394
Fully eligible active associates	1,146	712
Other active associates	7,861	5,168
Accumulated postretirement obligation	15,738	12,274
Unrecognized net gain (loss) due to change in assumptions	(2,676)	(149)
Accrued postretirement benefits included in accrued expenses	$13,062	$12,125

Assumptions used in determining the actuarial present value of the accumulated postretirement obligation include a discount rate of 7.00% and 8.25% in fiscal years 1996 and 1995, respectively. A medical inflation rate of 5% was assumed in both periods for all future years. Due to the nature of the plan, the Company's exposure to medical inflation is primarily limited to increases in the Medicare deductible. A 1% increase in the medical inflation assumption would increase the postretirement benefit cost for fiscal 1996 by $0.2 million and the accumulated postretirement obligation as of January 27, 1996 by approximately $1.2 million.

Marshalls associates are not currently eligible for the retirement plan or the postretirement medical plan. Marshalls associates participate in a Section 401(k) savings plan under which employees may contribute up to 10% of eligible pay. The Company matches employee contributions up to 4% at a minimum rate of 25% or 50%, depending on length of service.

The Company also sponsors employee savings plans under Section 401(k) of the Internal Revenue Code for all other eligible employees. Employees may contribute up to 15% of eligible pay. The Company matches employee contributions up to 5% of eligible pay at rates ranging from 25% to 50% based upon Company performance. The Company contributed for all 401(k) plans $2.2 million in fiscal 1996, $2.0 million in fiscal year 1995 and $1.9 million for fiscal year 1994.

H. Accrued Expenses and Other Current Liabilities

The major components of accrued expenses and other current liabilities are as follows:

	January 27, 1996	January 28, 1995
	In Thousands	
Employee compensation and benefits	$ 86,904	$ 61,427
Reserves for discontinued operations	25,253	13,085
Store closing and restructuring reserves, continuing operations	251,566	-
Insurance, rent, utilities, advertising and other	361,655	177,912
Accrued expenses and other current liabilities	$725,378	$252,424

The reserves for discontinued operations relate primarily to lease obligations associated with the Company's former Zayre and Hit or Miss divisions. The change in the reserve balance is due to additions of $23.0 million primarily due to costs associated with the sale of Hit or Miss, offset by deductions of $10.8 million primarily for payment of lease obligations, net of sublease income, as well as settlement costs on certain leases.

The Company established a $244.1 million reserve in the allocation of the purchase price of Marshalls relating primarily to the anticipated closing of approximately 170 Marshalls stores. In addition, the Company recorded a charge of $35 million for the closing of approximately 30 T.J. Maxx stores and $3.8 million for certain restructuring costs for the HomeGoods operation. The total reserve consists primarily of the estimated cost to settle lease obligations. Other items included in the reserve are the estimated book value of fixed assets to be disposed of, a reserve for markdowns on inventory acquired, legal and professional fees, and the cost associated with closing other non-store facilities. The reduction in the reserve as of January 27, 1996 is primarily due to inventory markdowns. The Company anticipates the T.J. Maxx store closings will take place during fiscal 1997, while the Marshalls store closings will occur over the next two years.

I. Supplemental Cash Flow Information

The Company's cash payments for interest expense and income taxes, including discontinued operations, and its non-cash investing and financing activities for the past three years are as follows:

Fiscal Year Ended	January 27, 1996	January 28, 1995	January 29, 1994
		In Thousands	
Cash paid for:			
Interest expense	$ 41,924	$25,051	$18,573
Income taxes	17,275	68,940	94,580
Non-cash investing and financing activities:			
Issuance of preferred stock for acquisition of Marshalls	$175,000	-	-
Note receivable from sale of Hit or Miss division	10,000	-	-

J. Discontinued Operations and Related Contingent Liabilities

In October 1988, the Company completed the sale of its former Zayre Stores division to Ames Department Stores, Inc. ("Ames"). On April 25, 1990, Ames filed for protection under Chapter 11 of the Federal Bankruptcy Code and on December 30, 1992, Ames emerged from bankruptcy under a plan of reorganization. The Company is liable for certain amounts to be distributed under the plan for certain unassigned landlord claims under certain former Zayre store leases on which Zayre Corp. was liable as of the date of acquisition and which Ames has rejected.

The Company remains contingently liable for the leases of most of the former Zayre stores still operated by Ames. In addition, the Company is contingently liable on a number of leases of Waban Inc., a division spun-off in fiscal 1990, and of the Hit or Miss division, the Company's former off-price women's specialty stores, sold on September 30, 1995. The Company believes that in view of the nature of the leases and the fact that Ames, Waban and Hit or Miss are primarily liable, the Company's contingent liability on these leases will not have a material effect on the Company's financial condition. Accordingly, the Company believes its available reserves of $25.3 million as of January 27, 1996 should be adequate to cover all reasonably expected liabilities associated with discontinued operations that it may incur.

K. Segment Information

For data on business segments for fiscal 1996, 1995 and 1994, see page 20.

SELECTED FINANCIAL DATA (CONTINUING OPERATIONS)

The following selected financial data includes the results of Marshalls for the period following its acquisition on November 17, 1995. All prior year data has been restated to reflect Hit or Miss as a discontinued operation.

Fiscal Year Ended January	1996	1995	1994	1993	1992
		Dollars in Thousands Except Per Share Amounts			
Income statement and per common share data:					
Net sales	**$4,447,549**	$3,489,146	$3,253,471	$2,879,261	$2,380,606
Income from continuing operations before extraordinary item and cumulative effect of accounting changes	**63,599** (1)	86,579	124,617	110,708	89,997
Number of common shares for primary and fully diluted earnings per common share computations	**73,133,349**	73,467,003	74,192,358	73,873,276	70,050,835
Earnings per common share from continuing operations	**$.74** (1)	$1.08	$1.58	$1.49	$1.28
Dividends per common share	**.49**	.56	.50	.46	.46
Balance sheet data:					
Working capital	**$ 409,151**	$ 277,201	$ 285,447	$ 244,226	$ 158,914
Total assets	**2,745,582**	1,550,823	1,330,964	1,209,136	1,003,951
Capital expenditures	**111,827**	120,022	118,482	102,062	78,028
Long-term debt	**690,713**	239,478	210,854	179,787	307,385
Shareholders' equity	**764,634**	606,952	590,900	505,184	260,517
Stores in operation end of year:					
T.J. Maxx	**587**	551	512	479	437
Marshalls	**496**	-	-	-	-
Winners	**52**	37	27	15	9
HomeGoods	**22**	15	10	6	-
T.K. Maxx	**9**	5	-	-	-

(1) Includes an after-tax charge of $21.0 million, or $.29 per share, for the estimated cost of closing approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls.

REPORT OF INDEPENDENT ACCOUNTANTS

Coopers & Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

To the Board of Directors of The TJX Companies, Inc.:

We have audited the accompanying consolidated balance sheets of The TJX Companies, Inc. and subsidiaries as of January 27, 1996 and January 28, 1995 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 27, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The TJX Companies, Inc. and subsidiaries as of January 27, 1996 and January 28, 1995 and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 27, 1996 in conformity with generally accepted accounting principles.

Boston, Massachusetts
March 12, 1996

Coopers & Lybrand L.L.P.

REPORT OF MANAGEMENT

The financial statements and related financial information in this annual report have been prepared by management which is responsible for their integrity, objectivity and consistency. The financial statements were prepared in accordance with generally accepted accounting principles and necessarily include amounts which are based upon judgments and estimates made by management.

The Company maintains a system of internal controls designed to provide, at appropriate cost, reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and the accounting records may be relied upon for the preparation of financial statements. The system of controls includes the careful selection and training of associates, and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. The accounting and control systems are continually reviewed, evaluated and where appropriate, modified to accommodate changing business conditions and the recommendations of the Company's internal auditors and the independent public accountants.

An Audit Committee, comprised of members of the Board of Directors who are neither officers nor employees of the Company, meets periodically with management, internal auditors and the independent public accountants to review matters relating to the Company's financial reporting, the adequacy of internal accounting controls and the scope and results of audit work. The Committee is responsible for reporting the results of its activities and for recommending the selection of independent auditors to the full Board of Directors. The internal auditors and the independent public accountants have free access to the Committee and the Board of Directors.

The financial statements have been examined by Coopers & Lybrand L.L.P., whose report appears separately. Their report expresses an opinion as to the fair presentation of the consolidated financial statements and is based on an independent examination performed in accordance with generally accepted auditing standards.

Bernard Cammarata

Bernard Cammarata
President and Chief Executive Officer

Donald G. Campbell
Senior Vice President - Finance and
Chief Financial Officer

March 12, 1996

On September 30, 1995, the Company sold its Hit or Miss division. This transaction was accounted for as a discontinued operation and all historical results of the Hit or Miss division have been reclassified to discontinued operations for comparative purposes.

On November 17, 1995, the Company acquired the Marshalls off-price family apparel chain from Melville Corporation. Under the purchase method of accounting, the assets and liabilities and results of operations associated with the acquired business have been included in the Company's financial position and results of operations since the date acquired. Accordingly, the financial position and results of operations of the Company as of, and for the period ending, January 27, 1996, are not directly comparable to the financial position and results of operations of the Company for prior fiscal years, and are not necessarily indicative of the financial position and results of operations that may be reported by the Company for future periods. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report.

Results of Operations

Continuing Operations: Income from continuing operations before extraordinary item and cumulative effect of accounting changes ("income from continuing operations") was $63.6 million in fiscal 1996 versus $86.6 million and $124.6 million in fiscal 1995 and 1994, respectively. Income from continuing operations per common share, on a fully diluted basis, was $.74 in fiscal 1996, versus $1.08 in fiscal 1995 and $1.58 in fiscal 1994. The results for fiscal 1996 include a $35 million pre-tax ($21 million after-tax) charge for closing certain T.J. Maxx stores in connection with the acquisition of Marshalls. Excluding the $35 million pre-tax charge, income from continuing operations for fiscal 1996 would have been $84.6 million, or $1.03 per share.

Net sales for fiscal 1996 increased 27.5% to $4.45 billion from $3.49 billion in 1995. Net sales for fiscal 1995 increased 7.2% to $3.49 billion from $3.25 billion in fiscal 1994. Same store sales, on a consolidated basis, decreased 2% in fiscal 1996, and were flat in fiscal 1995. The above consolidated sales and same store sales results include those for Marshalls for the post-acquisition period.

On a divisional basis, same store sales at T.J. Maxx were down 2% in fiscal 1996 and flat in fiscal 1995. Same store sales for Marshalls from the date of acquisition in mid-November decreased 1%. Winners achieved same store sales increases of 7% in fiscal 1996 and 10% in fiscal 1995. The continuation of weak apparel sales in the U.S. as well as the highly promotional retail environment were factors affecting sales in both fiscal 1995 and fiscal 1996 for the off-price family apparel segment. Sales for Chadwick's increased 9% in fiscal 1996 and 3% in fiscal 1995. This division had experienced rapid growth in the years prior to fiscal 1995 which put a strain on its operations, and in fiscal 1995, had a negative impact on the division's ability to service its customers. Chadwick's made considerable progress in correcting these difficulties and improving its profitability in fiscal 1996. Lastly, HomeGoods, whose results are reported as a separate segment beginning in fiscal 1996, experienced a same store sales increase of 1%.

Cost of sales, including buying and occupancy costs, as a percentage of net sales, was 77.1%, 75.8% and 74.7% in fiscal 1996, 1995 and 1994, respectively. The increase in this percentage in both fiscal 1996 and 1995 reflects higher than planned markdowns taken as a result of the weak apparel environment and the highly promotional retail environment. In addition, the increase in fiscal 1996 reflects the inclusion of HomeGoods in the detailed consolidated results of the Company as HomeGoods operated at a lower margin in fiscal 1996 than the other divisions.

Selling, general and administrative expenses as a percentage of net sales were 18.7% in fiscal 1996, 19.3% in fiscal 1995 and 18.4% in fiscal 1994. The decrease in the ratio in fiscal 1996 versus 1995 reflects the inclusion of Marshalls in the Company's consolidated results, as Marshalls operates at an expense ratio closer to that of T.J. Maxx versus the other divisions. The expense ratio for fiscal 1996 also reflects the benefits realized by Chadwick's due to operational improvements made at this division. The increase in fiscal 1995 in this expense ratio, versus fiscal 1994, is primarily attributable to the Chadwick's division. Chadwick's had an expense ratio increase in fiscal 1995 primarily due to increased production and postage costs of its catalogs and order processing costs.

The Company recorded a pre-tax charge of $35 million in fiscal 1996 for the closing of approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls. The Company also expects to close approximately 170 Marshalls stores for which a reserve was established in the allocation of the purchase price under the purchase accounting method. These reserves are primarily estimates for the costs associated with subletting or otherwise disposing of store leases.

Interest expense was $44.2 million in fiscal 1996, $24.5 million in fiscal 1995 and $17.9 million in fiscal 1994. The increase in fiscal 1996 versus fiscal 1995 is primarily due to additional borrowings, including a $45 million real estate mortgage, issued in December 1994, but which was prepaid as a result of the Marshalls acquisition, a $375 million term loan to fund the cash portion of the purchase price of the Marshalls acquisition

and $200 million of notes issued in June 1995 under the Company's shelf registration statement. The increase in fiscal 1995 versus fiscal 1994 also reflects increased borrowing levels as well as increased rates. The comparison of fiscal 1995 to fiscal 1994 is impacted by $2 million of interest income included in fiscal 1994 associated with a federal tax refund.

The Company's effective income tax rate was 42% in fiscal 1996 and 1995 and 40% in fiscal 1994. The increase in the effective rate in fiscal 1996 and 1995 is primarily attributable to the Company's entry into the United Kingdom where a net operating loss carryforward has been incurred. The difference in the U.S. federal statutory tax rate and the Company's worldwide effective income tax rate in each fiscal year is primarily attributable to the effective state income tax rate, with the additional impact in fiscal 1996 and 1995 of the aforementioned net operating loss carryforward attributable to the Company's entry into the United Kingdom.

Discontinued Operations and Net Income: Net income for fiscal 1996 includes a loss on the disposal of the Hit or Miss discontinued operation, net of income taxes, of $31.7 million. The results of the Hit or Miss division prior to the sale have been reclassified as income (loss) from discontinued operations, net of income taxes, which includes a loss of $2.3 million in fiscal 1996, a loss of $4.0 million in fiscal 1995 and income of $2.4 million in fiscal 1994.

In addition, in fiscal 1996, in connection with the Marshalls acquisition and the new bank credit agreement (see Notes A and B to the consolidated financial statements), the Company prepaid its $45 million real estate mortgage on its Chadwick's fulfillment center and incurred an after-tax extraordinary charge for the early retirement of debt of $3.3 million, or $.05 per common share. In fiscal 1994, the Company recorded an after-tax charge of $2.7 million, or $.04 per common share, for the cumulative effect of accounting changes.

Net income, after reflecting the above items, was $26.3 million, or $.23 per common share, in fiscal 1996, $82.6 million, or $1.03 per common share, in fiscal 1995 and $124.4 million, or $1.58 per common share, in fiscal 1994.

Capital Sources and Liquidity

Net cash provided by operating activities was $233.6 million, $103.4 million and $75.0 million in fiscal 1996, 1995 and 1994, respectively. The increase in cash provided by operating activities in fiscal 1996 versus that of fiscal 1995 was primarily attributable to the timing of the Marshalls acquisition and the resulting favorable cash flow of the holiday selling season. The Company also experienced an increase in cash provided by operations in fiscal 1995 versus fiscal 1994 despite reduced net income in fiscal 1995. The impact of the lower net income in fiscal 1995 was offset by an increase in consolidated accounts payable to merchandise inventory ratio and lower payments against the Company's discontinued operations reserve. Cash flows from operating activities over the next several years will be impacted by the settlements and disposition of leases associated with both the Company's discontinued operations reserve and the store closing and restructuring reserves. See Note H to the consolidated financial statements for further information.

Inventories as a percentage of net sales were 30.2% in fiscal 1996, 25.5% in fiscal 1995 and 22.1% in fiscal 1994. The fiscal 1996 percentage is not comparable since Marshalls net sales are included only from November 18, 1995. Using pro forma net sales for fiscal 1996 (see Note A to the consolidated financial statements), which assumes Marshalls was acquired at the beginning of the fiscal year, inventories as a percentage of net sales in fiscal 1996 would be 20.5%. The higher percentage in fiscal 1995 versus fiscal 1994 and the lower pro forma percentage for fiscal 1996 versus fiscal 1995 reflect higher warehouse inventory related to opportunistic merchandise purchases and a larger percentage of spring merchandise on hand at the end of fiscal 1995. Working capital was $409.2 million in fiscal 1996, $277.2 million in fiscal 1995 and $285.4 million in fiscal 1994. The increase in working capital in fiscal 1996 is primarily attributable to the acquisition of Marshalls.

The Company's cash flows for investing activities include capital expenditures for the last two years as set forth in the table below:

Fiscal Year Ended January	1996	1995
	In Millions	
New stores	$ 44.6	$ 53.2
Store renovations and improvements	36.5	40.0
Office and distribution centers	30.7	26.8
Capital expenditures	$111.8	$120.0

Capital expenditures for both fiscal 1996 and 1995 emphasized new stores and store renovations.

The Company expects that capital expenditures will approximate $150 million for fiscal 1997 including approximately $46 million for new stores, primarily T.J. Maxx and Marshalls; $69 million for improvements to existing stores, primarily T.J. Maxx and Marshalls; and approximately $35 million for office and distribution centers.

Investing activities for fiscal 1996 include $378.7 million paid for the acquisition of Marshalls. In addition to the cash outlay for the acquisition of Marshalls, the Company issued $175 million of convertible junior preferred stock. See Note E to the consolidated financial statements for further information on the preferred stock issued. The total purchase price for Marshalls reflected in these financials, including acquisition costs and an estimated contingent payment, totals $606 million. See Note A to the consolidated financial statements for further information on the acquisition of Marshalls.

Lastly, investing activities for fiscal 1996 reflect proceeds of $3 million for the sale of the Hit or Miss division. The Company also received a $10 million note, due in seven years with 10% interest.

Financing Activities: In June 1995, the Company filed a shelf registration statement with the Securities and Exchange Commission, which provides for the issuance of up to $250 million of long-term debt. In June 1995, the Company issued $200 million of long-term notes under the registration statement. The proceeds were used, in part, to repay short-term borrowings and for general corporate purposes, including new store and capital expenditures, and the repayment of scheduled maturities of other outstanding long-term debt. During fiscal 1995 and fiscal 1994, the Company borrowed an aggregate of $57.5 million under its medium term note program, (which was replaced by the shelf registration statement mentioned above). The aggregate borrowings under the medium term note program were used entirely to fund the Company's investments in its Canadian and United Kingdom operations. See Notes B and C of the consolidated financial statements for further information regarding these transactions.

In connection with the purchase of Marshalls, the Company entered into an unsecured $875 million bank credit agreement under which the Company borrowed $375 million on a term loan basis to fund the cash portion of the Marshalls purchase price. The Company may also borrow up to an additional $500 million on a revolving loan basis for the working capital needs of the Company. Interest is payable on the borrowings at rates equal to or less than prime. Subsequent to year-end, the Company entered into two interest rate swap agreements which in essence provide for a fixed rate of 5.9% on $200 million of the $375 million term loan. The term loan matures on November 17, 2000, and the revolving loan expires on November 17, 1998. The new agreement has certain financial covenants which include a minimum net worth requirement and certain leverage and fixed charge ratios. In connection with this financing arrangement, the Company cancelled its former committed U.S. short-term credit lines and prepaid its $45 million real estate mortgage on its Chadwick's fulfillment center, issued in December 1994. The Company incurred an after-tax extraordinary charge of $3.3 million on the early retirement of this debt.

The Company declared quarterly dividends on its common stock of $.14 per share in fiscal 1995 and for the first three quarters of fiscal 1996. In connection with the acquisition of Marshalls, the Company reduced the quarterly dividend to $.07 per common share effective with the dividend payable for the fourth quarter of fiscal 1996. Annual dividends on common stock totalled $35.5 million in fiscal 1996 and $41.6 million in fiscal 1995. The Company also has dividend requirements on its outstanding Series A and Series C preferred stock which totalled $7.2 million in each of fiscal 1996 and 1995, as well as dividend requirements on the new Series D and Series E junior preferred stock issued in the acquisition of Marshalls. Series D preferred stock carries an annual dividend of $0.5 million and the Series E preferred stock carries an annual dividend of $10.5 million. An aggregate of $9.4 million of preferred dividends is reflected in investing activities for fiscal 1996. During fiscal 1995, the Company repurchased 1.1 million shares of the Company's common stock for a cost of $19.3 million under a stock buy-back program, which the Company terminated due to the acquisition of Marshalls.

The Company has traditionally funded its seasonal merchandise requirements through short-term bank borrowings and the issuance of short-term commercial paper. The Company has the ability to borrow up to $500 million on a revolving loan basis under its bank agreement. As of January 27, 1996, the entire $500 million was available for use. The maximum amount of short-term borrowings outstanding during fiscal 1996, 1995 and 1994 was $200 million, $181.5 million and $133 million, respectively. The Company also has C$20 million of committed lines for its Canadian operations, all of which were available as of January 27, 1996. Management believes that the Company's internally generated funds along with the available credit facility and credit lines and existing cash balances, are adequate to meet its needs. See Notes B and E to the consolidated financial statements for further information regarding the Company's long-term debt and capital stock transactions.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	In Thousands Except Per Share Amounts			
Fiscal year ended January 27, 1996				
Net sales	$830,430	$848,945	$1,012,672	$1,755,502
Gross earnings*	195,993	191,263	264,667	366,225
Income from continuing operations before extraordinary item and cumulative effect of accounting changes	9,510	7,713	33,877	12,499
Per common share, fully diluted	.11	.08	.44	.11
Net income (loss)	8,065	(24,842)	33,877	9,161
Per common share, fully diluted	.09	(.37)	.44	.07
Fiscal year ended January 28, 1995				
Net sales	$762,260	$775,240	$ 924,606	$1,027,040
Gross earnings*	196,212	191,854	244,241	213,516
Income from continuing operations before extraordinary item and cumulative effect of accounting changes	19,468	19,795	34,596	12,720
Per common share, fully diluted	.24	.24	.44	.15
Net income	19,369	18,796	32,788	11,666
Per common share, fully diluted	.24	.23	.42	.14

* Gross earnings equal net sale less cost of sales, including buying and occupancy costs.

The financial data for the fourth quarter of fiscal 1996 includes the results of Marshalls since the date of acquisition on November 17, 1995. Income from continuing operations and net income for the fourth quarter of fiscal 1996 includes an after-tax charge of $21.0 million, or $.29 per common share, for the estimated cost of closing approximately 30 T. J. Maxx stores in connection with the acquisition of Marshalls. Net income for the fourth quarter of fiscal 1996 includes an after-tax extraordinary charge of $3.3 million for the early retirement of debt.

Net income for the second quarter of fiscal 1996 includes an after-tax loss on the sale of the discontinued Hit or Miss operation of $31.7 million, or $.43 per common share. The operating results for Hit or Miss for all prior periods have been reflected as a discontinued operation.

PRICE RANGE OF COMMON STOCK

The common stock of the Company is listed on the New York Stock Exchange (Symbol:TJX). The quarterly high and low stock prices for fiscal 1996 and fiscal 1995 are as follows:

	Fiscal 1996		Fiscal 1995	
Quarter	High	Low	High	Low
First	$14	$11 1/8	$29 3/8	$22 7/8
Second	15 1/2	11 3/8	24 7/8	18 1/8
Third	15 3/4	11 1/2	23 1/4	15 5/8
Fourth	19 7/8	13 1/2	16 1/4	13 3/16

The approximate number of common shareholders at January 27, 1996 was 22,700.

The Company declared quarterly dividends of $.14 per share for the first three quarters of fiscal 1996 and a quarterly dividend of $.07 per share for the fourth quarter of fiscal 1996. The Company declared four quarterly dividends of $.14 per share for fiscal 1995.

BOARD OF DIRECTORS

John M. Nelson
Chairman of the Board,
The TJX Companies, Inc.
Chairman, Wyman-Gordon Company

Bernard Cammarata
President and Chief Executive Officer

Phyllis B. Davis
Former Corporate Senior Vice President,
Avon Products, Inc.

Stanley H. Feldberg
Former President, Zayre Corp.

Richard Lesser
Executive Vice President
Chief Operating Officer
President, The Marmaxx Group

Arthur F. Loewy
Former Chief Financial Officer, Zayre Corp.

Robert F. Shapiro
President,
RFS & Associates, Inc.

Willow B. Shire
Executive Consultant, Orchard Consulting

Burton S. Stern
Private Investor

Fletcher H. Wiley
Partner, Goldstein & Manello, P.C.

Dr. Abraham Zaleznik
Konosuke Matsushita Professor
of Leadership (Emeritus),
Harvard Business School

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee
John M. Nelson, Chairman
Bernard Cammarata
Robert F. Shapiro

Audit Committee
Phyllis B. Davis, Chairperson
Burton S. Stern
Fletcher H. Wiley

Executive Compensation Committee
Robert F. Shapiro, Chairman
Willow B. Shire
Dr. Abraham Zaleznik

Finance Committee
Arthur F. Loewy, Chairman
Bernard Cammarata
John M. Nelson

CORPORATE OFFICERS

Bernard Cammarata
President and Chief Executive Officer

Donald G. Campbell
Executive Vice President - Finance and
Chief Financial Officer

Richard Lesser
Executive Vice President
Chief Operating Officer
President, The Marmaxx Group

Arnold S. Barron
Senior Vice President
Group Executive

Joseph K. Birmingham
Senior Vice President
Property Development

Robert Hernandez
Senior Vice President
Corporate Information Services

Jay H. Meltzer
Senior Vice President
General Counsel and Secretary

Vice Presidents

Alfred Appel
Corporate Tax and
Risk Management

James Ferry
New Business Systems

Mark O. Jacobson
Human Services

Ann McCauley
Legal

Stanley Oldfield
Administrative Services

Irving Ritz
Labor Relations

George Sokolowski
Corporate Marketing

David Weiner
Finance, The Marmaxx Group

Steven Wishner
Treasurer

DIVISIONAL MANAGEMENT

The Marmaxx Group*

Bernard Cammarata
Chairman

Richard Lesser
President

Peter A. Maich
Executive Vice President
Merchandising

Jerome Rossi
Executive Vice President
Store Operations, Human Resources and Distribution Services

David Weiner
Executive Vice President
Finance and Systems

Robert Arnold
Senior Vice President
Store Operations

Paul Butka
Senior Vice President
Systems

Edmund English
Senior Vice President
Merchandising

Robert Garofalo
Senior Vice President
Store Operations

Bruce Margolis
Senior Vice President
Human Resources

Donna Steele
Senior Vice President
General Merchandise Manager

Vice Presidents

Denise Adams
Regional Manager

James Beatrice
Traffic/Transportation

Douglas Benjamin
Merchandise Planning/Inventory Control

Margaret Brady
Systems Development

James Buckley
Regional Manager

Norman Cantin
Planning and Allocation

Christopher Cason
Regional Manager

Don Christensen
Finance

Daniel Cline
General Merchandise Manager

Karen Coppola
Marketing

Adele Daley
Zone Manager

Joseph Domenick
Merchandising/Market Development

William Emerson
General Merchandise Manager

Gery Fischer
Planning and Allocation

Jay Forte
Regional Manager

Bernard Galtman
Real Estate

Kerry Hamilton
Marketing

Isabel Hart
Operational Accounting

Victor Hernandez
Distribution Services

Ernie Herrman
General Merchandise Manager

Pamela Jaroch
Regional Manager

Paul Kangas
Benefits and Risk Management

Herbert S. Landsman
General Merchandise Manager

Richard Lange
Regional Manager

Celine Lewis
Regional Manager

Peter Lindenmeyer
Distribution Services

Christina Lofgren
Property Development

Lou Luciano
General Merchandise Manager

Robert MacLea
Loss Prevention

Michael E. McGrath
Zone Manager

Douglas Mizzi
Loss Prevention

Dennis Najjar
Store Support Operations

Michael O'Connell
Regional Manager

Jeanne Pratt
Associate Relations, Compensation and Human Resources Information Services

Fred Rapp
General Merchandise Manager

Russell Schaller
Regional Manager

Mary Ann Simpson
Regional Manager

Michael Skirvin
Financial Control

Michael Tilley
Regional Manager

Joseph Troisi
Regional Manager

Claudia Winkle
Regional Manager

Chadwick's of Boston

Bernard Cammarata
Chairman

Carol Meyrowitz
Senior Vice President
General Merchandise Manager

Dan Rao
Senior Vice President
Operations/Marketing

John W. Tynan
Senior Vice President
Finance, MIS and Administrative Services

Vice Presidents

Margaret H. Bynoe
Human Resources

Peter Clinch
Inventory Management

Cynthia Greenberg
Senior Divisional Merchandise Manager

Mary Haite
Catalog Coordination

Frank Martell
Fulfillment Operations

Philip McAvoy
Marketing

Kenneth Nemcovich
Telemarketing and Customer Service

Mary Ann O'Keeffe
Senior Divisional Merchandise Manager

John Power
Senior Divisional Merchandise Manager

Winners Apparel Ltd.

Arnold S. Barron
Chairman

David Margolis
President

David Lazovik
Senior Vice President
General Merchandise Manager

Michael MacMillan
Senior Vice President
Finance, Systems and Distribution

Vice Presidents

Heather Arts
Merchandising

Michael Barrison
Store Operations

Gloria Richter
Human Resources

Selma Rotman
Marketing

Jeffrey Ryckman
Real Estate

HomeGoods

Arnold S. Barron
Chairman

Edmond F. Lynch
President

Vice Presidents

Daniel England
General Merchandise Manager

Colin Wren
Store Operations

T.K. Maxx

Bernard Cammarata
Chairman

Alex Smith
Managing Director

*** TJX has consolidated most of the home office functions of T.J. Maxx and Marshalls into The Marmaxx Group.**

STORES BY STATE

	T.J. Maxx	Marshalls
Alabama	9	2
Arizona	9	8
Arkansas	3	-
California	50	70
Colorado	8	5
Connecticut	24	20
Delaware	2	1
District of Columbia	1	-
Florida	42	43
Georgia	19	19
Hawaii	1	5
Idaho	1	-
Illinois	37	29
Indiana	8	4
Iowa	4	1
Kansas	4	1
Kentucky	4	1
Louisiana	4	5
Maine	5	1
Maryland	11	14
Massachusetts	40	34
Michigan	25	7
Minnesota	12	12
Mississippi	1	-
Missouri	9	8
Montana	1	-
Nebraska	2	1
Nevada	3	3
New Hampshire	9	7
New Jersey	15	26
New Mexico	2	-
New York	40	35
North Carolina	16	9
North Dakota	2	-
Ohio	32	14
Oklahoma	3	1
Oregon	3	2
Pennsylvania	28	18
Puerto Rico	-	12
Rhode Island	3	3
South Carolina	9	4
South Dakota	1	-
Tennessee	13	6
Texas	27	36
Utah	4	-
Vermont	2	-
Virginia	22	20
Washington	7	6
West Virginia	1	-
Wisconsin	9	3
Total Stores	**587**	**496**

Winners Apparel Ltd. operates 52 stores in Canada.
HomeGoods operates 22 stores in the United States.
T.K. Maxx operates 9 stores in the United Kingdom.

SHAREHOLDER INFORMATION

Transfer Agent and Registrar, Common and Series C Preferred Stock
State Street Bank and Trust Company
Boston, Massachusetts
1-800-426-5523

Trustees
Public Debentures
9 1/2 % Sinking Fund Debentures
Chase Manhattan Bank
New York, New York

6 5/8 % Promissory Notes
7 % Promissory Notes
The First National Bank of Chicago
Chicago, Illinois

Auditors
Coopers & Lybrand L.L.P.

Independent Counsel
Ropes & Gray

Form 10-K
Information concerning the Company's operations and financial position is provided in this report and in the Form 10-K filed with the Securities and Exchange Commission. A copy of the 10-K may be obtained without charge by writing or calling:

The TJX Companies, Inc.
Investor Relations
770 Cochituate Road
Framingham, Massachusetts 01701
(508) 390-2323

Investor Relations
Analysts and investors seeking financial data about the Company are asked to contact:

Sherry Lang, Investor and Public Relations Director
(508) 390-2323

Annual Meeting
The 1996 annual meeting will be held at 11:00 a.m. on Tuesday, June 4, 1996 in the Enterprise Room, 5th Floor at State Street Bank, 225 Franklin Street, Boston, Massachusetts.

Executive Offices
Framingham, Massachusetts 01701

For the Store Nearest You, Call:
T.J. Maxx
1-800-2-TJMAXX

Marshalls
1-800-MARSHALLS

To Request a Chadwick's of Boston Catalog, Call:
1-800-525-6650

The TJX Companies, Inc.
770 Cochituate Road
Framingham, MA 01701
(508) 390-1000